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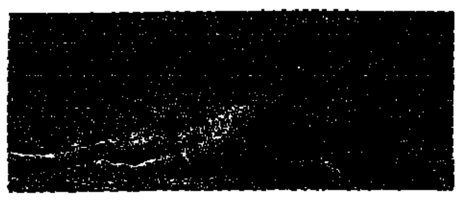

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NEWSPAPER of THE YEAR

FINANCIAL TIMES

Weekend August 22/August 23 1992 | EUROPE'S BUSINESS NEWSPAPER | D 8523A

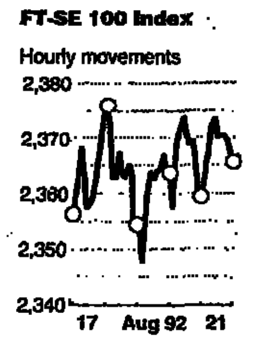
Milosevic to attend crucial Yugoslav talks

Serbian President Slobodan Milosevic is to attend next week's crucial London conference aimed at finding a diplomatic solution to the Yugoslavian crisis, after foreign secretary Douglas Hurd warned earlier this week that Serbia would condemn itself to remaining an international outcast if Milosevic refused. But the name of the Serbian president was included in a Foreign Office list of delegates from Serbia and Montenegro. The rump Yugoslav federation, comprising the two states, has an agenda which includes securing international recognition and progress towards lifting UN sanctions. US fears Bosnian fighting could spread, Page 2

Ford, leading UK vehicle maker, is to stop production for six days in September and early October at its Halewood car assembly plant in Merseyside, as a result of disappointing sales in the UK and weakening demand from export markets. Page 22

Japanese shares were boosted by a return of confidence as investors responded to the government's efforts to support the country's ailing financial system and stock market. The Nikkei average of 225 leading stocks jumped 6.2 per cent, closing 949.12 higher at 16,216.88, having rallied more than 1,900 points during the past three trading days. Page 22; Good buys, but a risky business, Page 6; World markets, Page 19; Japan money supply growth at record low, Page 3

FT-SE 100 Index
Hourly movements



Footsie unsettled: Concern over sterling unsettled UK equities as the week ended, restraining the beneficial effects of another strong recovery in the Japanese equity market. An early gain of 17 points on the FT-SE scale was cut back rapidly towards its close at 2,365.7, up 6.3, as heavy central bank support for the dollar left the pound slipping lower against the German currency. The London stock market closed just before the final onslaught on the dollar, leaving equity traders to watch in nervous silence as the latest currency rates marched across the trading screens. London stocks, Page 13; Markets, Second Section, Page II

Lloyds Bank, one of the original members of the Access credit card consortium, is planning a shake-up of the branding of its 2m Access credit cards, effectively converting them into Lloyds Bank credit cards with the MasterCard branding. Page 4

S African parties meet: The South African government and the African National Congress (ANC) met at a secret venue to try to revive talks on a multiracial constitution. Page 3; Ugly scrum in South Africa, Page 6

Strikes warning: British Airways warned it would close or sell its restructured regional business if cabin crews in Manchester and Birmingham continued industrial action over pay cuts. Page 5

Waterford Wedgwood, the luxury ceramics and crystal manufacturer, is to shed a quarter of the 1,900 workforce at its troubled Waterford plant in southern Ireland in what is likely to be a make-or-break effort to return the division to profitability. Page 8

Russia 'giveaway': Anatoly Chubais, Russia's privatisation minister, said that a mass privatisation give-away scheme was the only way to force restructuring on inefficient state enterprises. Page 2

US hit list: The US put pressure on China by publishing a list of $3.9bn (£2bn) in imports that could face sanctions if bilateral negotiations fail to reduce Beijing's import barriers. The list is the largest ever published by the US. Page 3

Terrorists kill holidaymaker: A woman holidaymaker from Rochdale, Greater Manchester, was shot dead during a terrorist attack on a security patrol in Belfast. The woman, in her 40s and married with several children, was hit in the back by a single bullet when a gang sprayed Flax Street in the Republican Ardoyne area with gunfire.

STOCK MARKET INDICES

FT-SE 100:	2,365.7	(+6.3)
Yield	5.09	
FT-SE Eurotrack 100	1,039.54	(+8.71)
FT-A All-Share	1,123.24	(+0.2%)
Nikkei	16,216.88	(+949.12)
New York: Lunchtime		
Dow Jones Ind Ave	3,274.91	(-29.98)
S&P Composite	415.23	(-3.03)

US LUNCHTIME RATES

Federal Funds:	3⅛%
3-mo Treas Bills: Yld	3.126%
Long Bond	99 1/16
Yield	7.322%

LONDON MONEY

3-mo Interbank	10½%	(10¼%)
Liffe long gilt future:	Sep 97¼	(Sep 97⅝)

NORTH SEA OIL (Argus)

Brent 15-day (Oct)	$19.775	(same)

Gold

New York Comex (Aug)	$337.3	(337.4)
London	$337.45	(337.65)

STERLING

New York Lunchtime:		
$	1.9488	
London:		
$	1.9475	(1.939)
DM	2.7975	(2.8075)
FFr	9.505	(9.535)
SFr	2.4875	(2.5025)
Y	245.5	(244.75)
£ Index	91.7	(91.8)

DOLLAR

New York Lunchtime:		
DM	1.436	
FFr	4.8795	
SFr	1.2775	
Y	125.95	
London:		
DM	1.437	(1.4485)
FFr	4.88	(4.9175)
SFr	1.277	(1.2905)
Y	126.0	(126.25)
$ Index	58.9	(59.8)

Tokyo close Y 126.45

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Sterling dragged down as US currency drops to record low against D-Mark

Intervention fails to bolster dollar

By James Blitz in London and Patrick Harverson in New York

CONCERTED intervention by the world's central banks to buy the dollar yesterday failed to stop the currency falling to an all-time low against the D-Mark.

The dollar's fall also helped to push down sterling against the D-Mark in the European exchange rate mechanism. The pound was trading in New York last night within two pfennigs of its permitted ERM floor.

Although the US Federal Reserve, acting with 15 other central banks including the German Bundesbank and the Bank of England, intervened to buy dollars for D-Marks, the US currency fell through DM1.4430, its all-time low against the D-Mark set in February 1991.

In late US trading, the dollar was at DM1.4350, more than 3 pfennigs below its high of the day. In London it closed more than a pfennig down at DM1.4370. Against the pound, it was trading at $1.9510 late in New York.

By continuing to sell the dollar in spite of the intervention, investors pushed up the D-Mark's exchange rate against European currencies. As a result, the pound remained weak, falling to a low of DM2.7951 in New York after the European markets closed.

Earlier, sterling closed in London at DM2.7975, down a pfennig on the day. If the pound falls to its ERM floor of DM2.7780 next week, the Bank of England will be forced to intervene and buy sterling. Alternatively, the government can support the pound by raising UK base rates. This will show foreign exchange dealers that they can get a better return for their sterling investment than they would by buying D-Marks.

Further discussions on the actions that may be needed are likely this weekend. Mr John Major, the prime minister, is due to fly back tomorrow from his holiday in Spain. Mr Norman Lamont, the chancellor, is due back at the Treasury on Monday.

Dealers in the sterling money markets seemed convinced that a rise in UK base rates was imminent. Three-month money in the sterling cash market was offered at 10½ per cent, half a percentage point above UK base rates. Short sterling futures fell by over 20 basis points and were clearly pricing in a rise of ½ a percentage point in base rates.

The dollar's slide upset share prices on Wall Street, where the Dow Jones Industrial Average was down nearly 40 points at around 3,265 in late afternoon.

In yesterday's intervention, the central banks spent D-Marks worth an estimated $1bn, buying dollars at around DM1.4480 in a generally thin market.

Dealers in the foreign exchange markets are now uncertain at what level the Federal Reserve will intervene in the market to hold the currency. Operators at one of the biggest foreign exchange trading banks in London said the dollar was still under a lot of pressure last night. Technical analysts say they are in uncharted territory because the dollar has never been at these low levels.

The large scale selling of dollars pushed the D-Mark's rate up against other European currencies. The Italian lira fell to a close of 762.2, close to its floor against the D-Mark of 765.0. The Bank of Italy may have to raise interest rates again if it is to stop the currency hitting its floor.

THE FALL OF THE DOLLAR

■ Major's deskful of difficulties, Page 7
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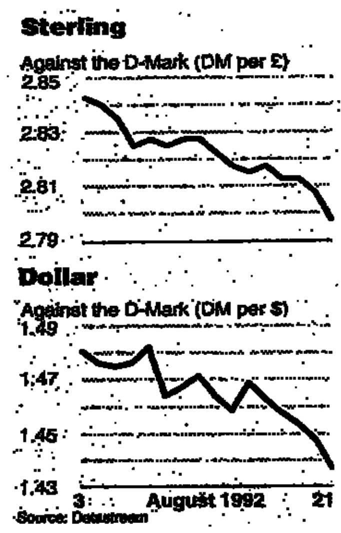
Sterling



Source: Datastream

Ratners to shut stores and cut overheads

By Maggie Urry

RATNERS Group, the UK jewellery retailer which pioneered 9 carat gold earrings for 99p a pair, has decided to reverse its marketing strategy in a bid to return to profitability.

Mr Gerald Ratner, chief executive, who once boasted that his earrings cost less than a prawn sandwich from Marks and Spencer, said yesterday: "We cannot carry on being a sales-led organisation." The emphasis would now be on profits.

The group will close 180 of its 880 shops in the UK and 150 of its 1,000 shops in the US over the next three years. Staff costs and other overheads will also be cut.

Ratners blamed the effect of the recession on consumer spending for a pre-tax loss of £122.3m in its last financial year, to February 1, compared with a profit of £112.1m in the previous year. The losses included £98m of exceptional costs relating largely to rationalisation.

Ratners also announced an agreement with its bankers to continue existing loans until the end of June next year.

Mr James McAdam, who joined the group as executive chairman in January, said the performance of the 250 shops in the Ratners chain had been particularly poor after a remark by Mr Ratner last year incurred "adverse publicity". Mr Ratner told a conference at the Institute of Directors that one of the group's products was "total crap".

Although Mr Ratner had expressed similar opinions previously in more discreet surroundings, his speech was widely reported and alienated customers. Sales in the Ratners chain fell 24 per cent in 1991 on a comparable store basis.

Mr McAdam said there had been an over-dependence on low prices and promotional activity. The group's acquisition-led growth had also resulted in "self-destructive competition" between the company's shops.

The Ratners stores will bear the brunt of the UK closures, with 112 shops to be shut. The other UK jewellery chains, H Samuel and Ernest Jones, will focus on middle and upper sections of the market.

Mr McAdam said sales had fallen again in the first half of the current year, but added that the group was "not banking on any sales recovery" in its attempts to turn the losses around. Mr Ratner said: "We are succeeding on the margin front and the overhead front. The sales downturn is being mitigated by those factors."

Banks extend Ratners borrowing facilities, Page 8
Lex, Page 22

Ashley Ashwood

Bird's eye view: Britain's tallest building, One Canada Square at Canary Wharf in London's Docklands, is to open its top floor to visitors from September. Report, Page 22

Call for more UN troops for Somalia

By Julian Ozanne in Nairobi

A CONFIDENTIAL United Nations report has recommended that at least a further 1,000 armed UN guards be sent urgently to protect aid efforts in Somalia, with or without the consent of the warring factions.

The controversial recommendation, soon to be put to the Security Council, is made by a UN team which recently visited Somalia. It is likely to antagonise most of Somalia's feuding warlords, who have threatened to fire on UN troops who enter the country without their agreement.

The unpublished report says more armed UN guards are necessary to help relief efforts reach an estimated 1.5m people facing starvation in a country where banditry and looting is widespread. An agreement was clinched last week, after months of obstruction by one Somali military faction, to allow 500 UN guards to protect relief operations, but they are confined to Mogadishu.

The report recommends that every effort should be made to reach agreement with the warring factions for the deployment of more UN security personnel. But it adds: "In the event that no agreement is reached the UN should be prepared to do so without the consent of the parties."

The report goes on: "The essential point is that the international community cannot stand idly and witness the unnecessary loss of human lives in Somalia."

The UN report says two battalions of at least 500 troops each should be dispatched to north-east and south-west Somalia to protect humanitarian relief operations and safeguard ports, airports and road convoys.

It says the troops should be armed with light weapons, and have armoured personnel carriers. The report suggests the two battalions should be based in the far north-east and on the Somali border.

The report, which was presented to Mr Boutros Boutros Ghali, the secretary-general, on Wednesday, also recommends the deployment of further military observers in the north-east, south-west and southern regions of Somalia. Fifty military observers are already in Mogadishu.

Continued on Page 22

Bush narrows gap on Clinton with post-convention 'bounce'

By Jurek Martin in Houston and Michael Prowse in Washington

PRESIDENT George Bush left Houston yesterday emboldened by a fighting and partisan acceptance speech to the Republican convention and encouraged by three polls that show him narrowing the gap with Mr Bill Clinton, his Democratic rival, to the 9 to 12 percentage point range.

The president flew to Mississippi and Missouri to press home what he called "a new crusade" for American values and renewal at home and overseas.

Mr Clinton began another bus tour through Ohio, Michigan and New York to emphasise his message that what the country needs are "jobs, jobs, jobs", as Senator Al Gore, his running mate, put it yesterday morning.

The war of words between the two campaigns threatened to escalate even beyond the savage rhetoric and derision that Mr Bush had poured on the heads of Mr Clinton and the Democrats in Congress.

Mr Ron Brown, the Democratic party chairman, conceded that Mr Bush's speech on Thursday night had been "well rehearsed and well written", but said it was also "cynical, petty and totally dishonest". The president "makes no connection between a campaign speech and the task of governing", he said.

Apart from a qualified commitment to cut taxes next year if matching spending cuts are found, and half an apology for accepting higher taxes in 1990, Mr Bush offered no new economic policy initiatives.

Mr Clinton rejected Mr Bush's plan for across the board tax cuts as "fool's gold" in the face of a $400bn (£210bn) budget deficit.

"It is read my lips time again," he said, "but this time you can read the record."

The one new idea – that taxpayers should be allowed to earmark up to 10 per cent of their taxes for debt reduction – was widely dismissed by economists as a gimmick.

"It would have absolutely no impact on anything," said Mr David Wyss, chief economist at DRI/McGraw Hill, the economic consultancy.

Since Congress controlled the level of spending, the earmarking of taxes for particular purposes would not affect the level of either spending or the budget deficit, he said.

Mr Wyss also faulted the proposed across-the-board tax cut. This meant little because Mr Bush had tied it to spending reductions, but failed to explain how he would achieve those reductions.

Mr William Brown, chief economist at J P Morgan, the New York bank, said neither Mr Bush nor Mr Clinton had made concrete proposals for tackling immediate economic problems. Both candidates were implicitly assuming that lower interest rates would revive the economy.

Mr Bush's main purpose on Thursday was to tear down his opponent as a man "whose passion for big government knows no bounds", who "enjoys tax increases" and who dares to say the US "is a nation in decline".

The address certainly served to energise convention delegates whose private doubts that Mr Bush could win re-election had been freely expressed all week.

The initial reaction from the wider audience also began to suggest that the president was getting the "bounce" in the polls normally derived from a convention and which so benefitted Mr Clinton last month in New York.

Bush sups sweet cup of opportunity ....Page 2
Houston: awakening of the president......Weekend Page I

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Austria Sch30; Bahrain Din1.000; Bermuda $1.65; Belgium BFr60; China FEC 12; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.00; Finland Fmk10; France FFr8.50; Germany DM3.30; Greece Dr250; Hong Kong HK$16; Hungary Ft162; Iceland IKR180; India Rup20; Indonesia Rp3,800; Israel NS5.50; Italy L2500; Japan Y500; Jordan JD1.20; Korea Won 2500; Kuwait Fils 500; Lebanon US$1.25; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.50; Morocco Dh11.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr15.00; Oman OR1.20; Pakistan Rs35; Philippines Pso 45; Poland Zl 18000; Portugal Esc130; Qatar QR10.00; S.Arabia Rls9.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Taiwan NT$85; Thailand Bht60; Tunisia Din1.000; Turkey L6000; UAE Dh9.00; USA $1.25 (Alaska & Hawaii $1.75)

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NEWS: INTERNATIONAL

Subsidiarity will not mean repealing EC environment laws, says Van Miert

Brussels' green activism goes on

By David Gardner in Brussels

THE European Commission intends to continue pursuing an activist environmental policy, and will resist any roll-back of its green powers by the EC member states, according to Mr Karel Van Miert, the new environment commissioner.

"Certainly, as far as I'm concerned, there can be no question of backtracking, or of demolishing or diluting our policies," Mr Van Miert emphasised in an interview, his first on the environment since he took over the portfolio last month from his controversial predecessor, Mr Carlo Ripa di Meana.

Mr Van Miert implied that it would be foolish to blunt one of the few policies for which Brussels is popular, in the middle of a backlash against the Community and the Maastricht treaty.

"At the end of the day, no one can contest that [the environment] is one of our most successful policies, and one of the best understood. We should build on that confidence – this is a policy where you can clearly prove that it is working for our citizens," he argued.

Van Miert: "One of our most successful policies"

Mr Ripa di Meana, who interpreted his job as a sort of Tribune of the People, has had numerous bruising encounters with the UK and several other EC governments. But in the wake of Danish voters' rejection of the Maastricht treaty in June, the EC has been awash with rumour that great swathes of Community environment policy would be repatriated to the member states, to emphasise a new commitment to "subsidiarity".

This ill-defined doctrine says the EC should only intervene when decisions are not practical at national or regional level. Mr Jacques Delors, Commission president, has espoused it with particular enthusiasm, but last month said his own earlier suggestions that certain EC environment powers were a prime candidate for devolution had been misunderstood.

Mr Van Miert yesterday also swept aside reports that under the current UK presidency of the EC there would be a repeal of some existing EC green laws. "Repealing can only be done on the basis of a proposal from the Commission and a decision by the Council of Ministers [of the 12], and modifying [EC law] implies the same procedure," he said. But he did concede that "we are prepared to discuss the merits of particular laws."

Brussels last month dropped five legal cases against the UK for allegedly failing to carry out proper environment impact assessment studies for road and construction projects, including at Twyford Down in Hampshire. It is still looking at two possible infractions – at the East London River Crossing through Oxleas Wood and the British Petroleum refinery in Falkirk.

This decision followed the postponement of legal hearings against the UK on inadequate bathing water purity, in a move designed to spare Britain embarrassment at the start of its presidency. Taken together, they were interpreted by most environmentalists as showing the Commission pulling in its green horns.

But both Mr Van Miert and officials who had prepared the environmental impact dossiers insisted yesterday that the UK was able to provide proof in all but the two cases still open that it had complied with EC law. Nevertheless, the commissioner said he would be proposing an "updating" of impact assessment legislation to avoid "misunderstandings".

Mr Van Miert also made clear he intends to pursue the controversial Brussels plan for an energy tax.

US fears Bosnian fighting could spread

By Laura Silber in Belgrade

THE US yesterday warned that the war in Bosnia-Hercegovina could soon spread to other parts of the former Yugoslavia.

In a veiled reference to the Serb-controlled province of Kosovo, Mr Lawrence Eagleburger, the acting secretary of state, said: "I think there's a real chance that this conflict can spread."

Mr Eagleburger, ambassador to Belgrade from 1977 to 1980, said he was pessimistic about the outcome of next week's London conference on the former Yugoslavia organised by the European Community and United Nations.

"I don't think this tragic situation is gong to end in any short period of time, no matter what we do to try to bring it to an end," he told the Voice of America radio station.

In an apparent attempt to improve Serbia's image in the run-up to the London Conference, Mr Radovan Karadzic, head of Bosnia's Serbs, yesterday admitted Serb forces had carried out ethnic cleansing and vowed to put an end to the policy which has driven hundreds of thousands of Moslem Slavs from their homes.

At a press conference in Belgrade, the Serbian capital, Mr Karadzic insisted: "We must put a stop to ethnic cleansing and punish all persons responsible."

The president of the self-proclaimed Serbian Republic, carved out of Bosnia-Hercegovina, said: "We never supported ethnic cleansing. All the refugees must be allowed to return home."

Serb forces, who claim to control 70 per cent of Bosnia, have driven out, imprisoned or killed Moslems in an attempt to create purely Serb territory.

Mr Karadzic, however, dismissed reports of forced deportation as "resettlement which took place at the request of the population wishing to leave an area of high tension".

This was despite reports by western journalists who this week accompanied 1,500 Moslems on a harrowing journey after being expelled from north-western Bosnia by Serb militia.

Mr Karadzic also repeated a promise to hand over all Serb-controlled detention camps to the Red Cross and to close all camps after an all-for-all prisoner exchange.

While international human rights organisations say Serbs, Moslems, and Croats, the three main ethnic groups, are operating prison camps in Bosnia, they have named Serb forces as the biggest violators of human rights.

Many Moslem refugees have told how Serb militia forced them to sign over their property. But Mr Karadzic said: "Forceful measures taken against civilians are not part of our policies, although atrocities have taken place on all sides. All property handed over under duress will have to be returned. These documents are invalid."

Mr Karadzic offered a seven-point peace programme, which included the recognition of Bosnian frontiers and a cease-fire. This programme reflects close co-ordination between Serb leaders from Bosnia and the unrecognised Yugoslavia of Serbia and Montenegro.

The pledge to recognise Bosnia's borders could enable the reconstituted Yugoslavia to meet one of the demands of the international community in order to lift United Nations sanctions.

But recognition would have little meaning since Serb forces have already achieved their territorial goals.

Russia gives away state giants to force reform

By Leyla Boulton in Moscow

MR Anatoly Chubais, Russia's privatisation minister, said yesterday that a mass privatisation give-away scheme was the only way to force restructuring on inefficient state enterprises.

He said vouchers entitling every Russian citizen to acquire Rbs10,000-worth of shares in 6,000-7,000 medium and large enterprises would be distributed between October and December. The enterprises would be privatised next year.

The unveiling of an unprecedented "popular privatisation" programme coincides with the government's continuing battle with enterprises and the central bank governor over how much new credit they should receive.

On Monday, Mr Viktor Gerashchenko, head of the Russian central bank, plans to seek IMF permission for fresh credits to enterprises. Such permission was one of the conditions for the granting of a first loan of $1bn.

Mr Geraschenko, who favours soft credit facilities in order to boost industrial production, and who opposes rapid privatisation, is accusing the government of trying to sell weakened enterprises off on the cheap.

The primary importance of the IMF agreement was to reassure foreign creditors and open the door to a debt rescheduling agreement and fresh bilateral credits. But a delegation headed by Mr Richard Erb, the Fund's deputy-director, is likely to look for guarantees that measures will be put in place to avoid a recurrence of new enterprise arrears and that additional credits, if they are agreed, will not act as a green light for enterprises to raise wages and prices.

President Boris Yeltsin yesterday ruled out the possibility of a new coup or of hunger in Russia even though he forecast unemployment and outbursts of social discontent later this year.

Speaking at a news conference on the first anniversary of the Moscow coup's collapse, he said 1993 would be "easier for us all". Although Russia had to rely mainly on itself to conduct radical economic reforms, he claimed Italy had been the most helpful of G7 nations, followed by Canada, Germany, the US, France, the UK, with Japan in dismal last place. Canada yesterday resumed grain shipments after it received some of the $55m it was owed in arrears for earlier deliveries, while Italy is considering freezing an existing line of credit for Russia.

Mr Chubais acknowledged there was a danger that the speed of the privatisation plan could mean that Russians could find themselves holding shares in enterprises which were unviable. "It is not possible to seriously count on enterprises to restructure on a massive scale… without a change in the form of property," he said. "Of course there is a risk that some enterprises will go under [after they are privatised] but this risk is an incentive for enterprises to become more effective."

"At a time when we are talking about the life or death of reforms… it is only by smashing the industrial giants that we can talk about a radical change in property ownership," explained Ms Olga Tankova, a privatisation official.

Once workers had vouchers to help them buy shares in the enterprise – they are entitled to 25 per cent of their enterprise's stock free of charge plus another 10 per cent at a discount – they would exert increasing pressure on recalcitrant managers to privatise.

All state-owned enterprises are required, as a first step, to turn themselves into a joint-stock companies by November. The latest to take this decision was the Zil car plant in Moscow yesterday.

IMF to help Lithuania with currency

THE International Monetary Fund is ready to help the Baltic state of Lithuania introduce its own currency, IMF managing director Michel Camdessus said yesterday, Reuter reports from Vilnius.

"The IMF probably will be ready to help Lithuania to introduce its own currency in October," Mr Camdessus said. Lithuania plans to replace the rouble with its own litas currency in October.

Speaking at the end of a three-day visit to the former Soviet republic, Mr Camdessus said he was satisfied with Lithuania's moves towards privatisation and the government's efforts to balance its budget.

Lithuanian radio quoted an official from the country's Ministry of International Economic relations saying that Lithuania expected the IMF to provide an $85m (£44.5m) stabilisation fund to help back the new currency. Mr Camdessus declined to confirm this figure.

Estonia was the first former Soviet republic to abandon the rouble currency when it introduced its kroon in June with the help of a $40m IMF stabilisation fund. Latvia is also getting ready to introduce its own currency, the lat.

Dunkel in favour of regional trade deals

By Frances Williams in Geneva

REGIONAL trade arrangements are neither a rival nor an alternative to the multilateral trading system, Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), said yesterday. He dismissed as "rhetoric" threats to pursue regionalism by countries frustrated by the current deadlock in the Uruguay Round of Gatt trade talks.

His remarks, to a seminar in Rio de Janeiro on economic integration in the Americas, come just over a week after completion of negotiations on a North American Free Trade Area (Nafta) between the US, Canada and Mexico. The Nafta deal has reinforced fears, especially in Asia, that the world may be splitting into warring trading blocs with high trade barriers against outsiders.

Mr Dunkel said multilateralism and regionalism could not only co-exist but reinforce each other. The quest for freer trade in the Uruguay Round had strengthened interest in speeding the process regionally. But some issues could not be tackled effectively in a regional framework.

Gatt's founders saw global and regional approaches to trade as two sides of the same coin, he said. Gatt lays down rules for creating free trade areas and customs unions, designed to ensure above all that regional integration should not be at the expense of third parties. Mr Dunkel said that, while this might seem utopian, free trade areas could provide gains for members and non-members alike.

The Nafta accord is expected to come under close scrutiny by other Gatt members insisting it must be consistent with international fair trade rules.

UPS joins protests over airline deal

By Nikki Tait in New York

UNITED Parcel Service, the world's largest parcel delivery company, has joined the chorus of US airlines opposing British Airways' proposed $750m (£393m) investment in USAir, the sixth largest US carrier.

UPS, a private company based in Atlanta, had no immediate comment on its stance, but its name appears on a briefing document outlining the case against the BA-USAir deal. The document, entitled "An issue of national policy, competition and fairness", was being circulated yesterday by a Washington DC-based lobbying firm, Powell Tate.

The other three signatories to the document are American Airlines, United Airlines and Delta Air Lines – the nation's three biggest airlines – which have publicly opposed the BA-USAir link-up.

According to Powell Tate, UPS was closely involved in the drafting of the document. Part of the company's concern appears to centre on repercussions for the freight market.

"This is a direct assault on the US airline industry," reads the document at one stage. "This is not a question of British Airways acquiring a 'toe-hold' in the lucrative US market, but a potential 'stranglehold' over access to 55m USAir passengers and 200m freight tons per kilometre of air cargo a year."

Under the proposed deal, BA would invest $750m in USAir.

Low growth in GDP forecast for Spain

By Tom Burns in Madrid

THE Bank of Spain yesterday forecast gross domestic product growth this year of below 2 per cent, the country's lowest rate since 1984.

The central bank's report on the first six months confirmed independent estimates of a deteriorating domestic economy marked by a sharp fall in consumption and a widening public sector deficit.

The report said the construction sector was in "a clear recession" official tenders for civil works had fallen by 47.9 per cent in the first six months of the year – and that the public sector deficit had increased by 40.4 per cent over the first half of last year.

Prime Minister Felipe González reiterated yesterday that the government would introduce a restrictive budget for 1993 and said the bank's report justified the introduction of the fiscal package a month ago that raised taxes and implemented spending cuts.

Spain's GDP growth fell from 3.8 to 2.4 per cent last year, a rate the government had hoped to maintain this year.

Irish beef subsidy row looms

By Tim Coone in Dublin

A NEW political crisis is looming in Ireland, following the gagging of a parliamentary inquiry by the Supreme Court yesterday.

The court ruled by a three-to-two majority that key cabinet decisions on government financial support given to the beef industry in 1988 are entitled to the protection of confidentiality under the constitution, and can therefore not be subject to scrutiny.

The inquiry, known as the Beef Tribunal, was set up in June last year after allegations of fraud, malpractice and political connivance in the beef industry were made in parliament and broadcast in a TV documentary.

The most serious allegation for the government is that Goodman International, Europe's largest beef processor, exerted undue influence on government ministers which resulted in almost half of the country's export credit insurance being given to just two beef exporters, for export sales to Iraq, and which Iraq later defaulted on.

Mr Albert Reynolds, the prime minister, was the industry minister at the time responsible for the allocation of the export credit insurance. Mr Des O'Malley, the present industry minister, told the tribunal last month he believed Mr Reynolds had made "serious errors of judgment" in having allocated insurance cover for the Iraqi exports, and that the sourcing of some of the meat from outside Ireland by Goodman to supply the contracts amounted to "a fraud on the taxpayer."

The tribunal was suspended after its chairman, Mr Justice Liam Hamilton, began questioning Mr Ray Burke, another former minister, on cabinet decisions in 1988 relating to the export insurance.

Mr Dick Spring, leader of the opposition Labour Party, who was a key figure in getting the tribunal established, said "This is going to lead to a very serious political crisis.

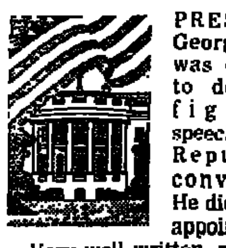
"A fundamental task of the tribunal has been hampered and I believe it will now be extremely difficult for it to carry out its mandate," he said.

● Ireland's two main clearing banks Allied Irish Bank and Bank of Ireland have raised their interest rates by 0.5 per cent, bringing lending rates up to 13.5 per cent for overdrafts and 15 per cent for long-term loans over 5 years. Mr Bertie Ahern, finance minister, was "disappointed" by the decision. Ireland's Central Bank also announced a 0.25 per cent interest rate rise yesterday.

George Bush addresses convention delegates during his speech accepting renomination for the presidency

Bush sups sweet cup of opportunity

President stakes out campaign ground with attack on Clinton, writes **Jurek Martin**



PRESIDENT George Bush was expected to deliver a fighting speech to the Republican convention. He did not disappoint.

Very well written, mostly by Mr Ray Price, President Nixon's old wordsmith, and delivered with more panache than Mr Bush usually musters, it lasted about an hour – a little longer than Mr Bill Clinton's to his Democratic convention last month – and was rapturously received by the assembled delegates.

Its principal purpose, as it transpired, was more to stake out the ground for the campaign proper than to lay out a detailed blueprint for a second term. The president said the electorate was offered "a sharp choice" between two candidates with different agendas, directions and "yes, the character of the man you want to lead this nation".

He frequently invoked his own war record ("I had barely begun to live when I began to watch men die"), derisively referring to Mr Clinton as "the head of the Arkansas National Guard" and deliberately not mentioning that his opponent had avoided military service. He contrasted his leadership in the Gulf war with Mr Clinton's equivocal support for it: "I bit the bullet, he bit his nails."

He painted Mr Clinton, whom he only began to mention regularly by name in the coda to his speech, as the captive of "the liberal McGovern wing of the other party" and as "Carter Two".

He said his opponent was advocating "Elvis economics and America will be checking into Heartbreak Hotel." Mr Clinton, he said, had faith "in the tattered blanket of bureaucracy" and would put a new tax on everything in sight, including what he described as "the government takeover" of health care. Not only would he ration it, but "he would deny you the right to use a doctor".

"He defines rich," Mr Bush charged, "as anyone who has a job and he wants to separate you from your wallet." Echoing a standard Republican theme, he declared "my opponent's passion for big government knows no bounds".

Mr Bush conceded he had made "a bad call" when he accepted a tax increase in 1990, but he insisted it was "the Democrats' tax increase", not his own. But if he had made "a mistake", that was nothing compared to Mr Clinton who "enjoys tax increases".

His general assault on the Democrats running Congress was as unremitting as it was against Mr Clinton. They were, he said, caught up in "PACS, perks, privilege, partnership and paralysis". He demanded action to limit the number of terms congressmen might serve. He said there might be 150 new members of congress in January and "I'll meet every one of them before they are attacked by the PACS, run by their staffs and cornered by the camera crews."

The president's declared economic agenda for his second term was more sparse than his indictment of the other side. He promised, if re-elected, to cut taxes next year, but only if matching spending cuts were effected. He unveiled a gimmicky plan to enable individuals to contribute to reducing the national debt. But mostly he contented himself with recycling proposals which, he claimed, Congress had deliberately frustrated. "I offered them my hand, they bit it."

The speech began with a long recitation of the changes in the world that had taken place on his watch, for which he claimed credit. If, Mr Bush said, he had predicted all these developments, people would have said "you must have inhaled something" (Mr Clinton has conceded smoking, but not inhaling, marijuana).

The president declared contempt for Mr Clinton for daring to suggest that the US was now an object of "ridicule" abroad. The US stood tall and there were lots of challenges ahead. Invoking another Republican touchstone, he said to great cheers "I look forward to being the first president to visit a free, democratic Cuba".

On social issues, Mr Bush did not stray far from the conservative emphasis on religion and traditional family values. The country must change, he conceded, but must also go back to its roots. This meant respect for human life, of "the born and unborn", his only reference to abortion, which so divides the Republican Party.

With all this, Mr Bush said he sensed "Americans are uneasy today". But, he said, in Reaganesque terms "I see not sunset but a sunrise." There was "an unprecedented opportunity to pass the sweet cup of opportunity around our American table." Appealing to the national spirit and implicitly critical of Mr Clinton, he went on, "if the entire world is going our way, why should we go back to their way?"

And yet there was one Democrat with whom Mr Bush was happy to claim association. Harry Truman, Mr Bush asserted, had in 1948 promised "a new crusade", above all against Congress (which was Republican at the time). So was he, against a different party political target.

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NEWS: INTERNATIONAL

Japan money supply growth at record low

By Steven Butler in Tokyo

JAPAN'S broad money supply (M2 plus certificates of deposit) grew at a record low pace of 0.2 per cent in July compared with 0.9 per cent in June. A Bank of Japan official attributed part of the slowdown to slower commercial bank lending.

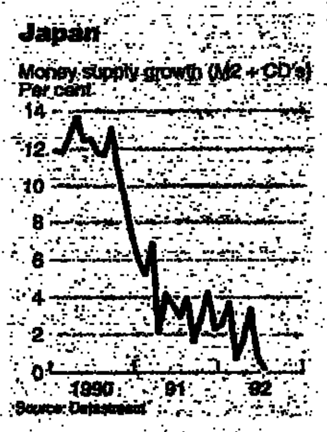
The central bank has until recently promoted broad money supply as the most important indicator to follow when setting monetary policy. But it is joining a growing list of central banks around the world that have been flustered at the behaviour of monetary aggregates, and the Bank of Japan says the measure is becoming less useful as a measure of economic activity.

The central bank said the fluctuations in broad money were not easily explained by economic activity or changes in interest rates, also reflecting fluctuations in asset prices, changing bank behaviour under interest rate liberalisation, and the shift of funds between bank deposits and other savings instruments.

Another indicator, broad liquidity – which includes deposits in the postal savings system – grew by 3.5 per cent, also a record low compared with 3.9 per cent in June. The officials said broad liquidity has maintained a high degree of credibility, but it was difficult to explain why. It said the shift of funds out of the banking system did not indicate any credit crunch, and that corporate activities have not generally been restricted by lack of access to funding.

The bank nonetheless said it would pay close attention to the lending attitudes of banks as well as to monetary aggregates because banks were adopting a more prudent lending stance in the wake of rising non-performing assets, the share price fall, and the pressure of meeting Bank of International Settlement capital adequacy ratios.

The bank said for the time being it would follow a number of monetary indicators and try to repond quickly to changes in the economic environment.



SA government in talks with ANC

By Patti Waldmeir in Johannesburg

THE South African government and the African National Congress (ANC) met yesterday at a secret venue to try to revive talks on a multiracial constitution.

The talks involved Mr Cyril Ramaphosa, ANC secretary-general, and Mr Roelf Meyer, constitutional development minister.

Both sides would give no details, but it seemed likely they would focus on issues such as the release of political prisoners and the possibility of a general amnesty for those involved in political violence – including the South African security forces.

Resolution of these issues is a precondition for the resumption of talks on a new constitution, suspended two months ago in the wake of a massacre at the Boipatong squatter camp near Johannesburg.

Over the past week, political groups from the extreme right and left have said they might be willing to participate in talks. The ultra-radical Pan Africanist Congress (PAC) met government officials this week to discuss participation, and a breakaway group of right-wing MPs said it will join the talks to negotiate for a white homeland for the Afrikaner people.

NEWS IN BRIEF

Israelis delay Arab peace talks delegates

Palestinian negotiators delayed their departure for a sixth round of Middle East peace talks yesterday because Israel stopped five delegates from leaving, Reuter reports from Jerusalem.

Delegation spokeswoman Ms Hanan Ashrawi said all 28 members turned back from the Allenby Bridge in protest after Israeli border guards prevented the five from crossing into Jordan from the occupied West Bank. She said the Palestinian delegation would refuse to leave for Washington until it received guarantees its members would be treated with dignity, even if this meant delaying the start of the talks set for Monday.

Israeli authorities prevented the five from crossing because they were under age 35 and did not have a special permit allowing them to return immediately.

UN can visit the south, says Iraq

Iraq has given UN officials permission to visit the south of the country, where the US, Britain and France have claimed President Saddam Hussein's regime is mounting "genocidal" attacks on the Shia population, writes Roger Matthews in Washington.

The three countries are expected to announce on Tuesday the details of an air exclusion zone south of the 32nd parallel to protect the Shias, and particularly the Marsh Arabs, from attack. Mr Jan Eliasson, the UN under-secretary for humanitarian affairs, said in Baghdad that he had accepted the Iraqi invitation for aid workers to visit the south. Iraq also offered yesterday to allow politicians from member states of the UN Security Council to inspect the marshes area to the north and west of Basra. This could include representatives from the US, Britain and France.

Baghdad buys Australian wheat

Iraq has used part of its gold reserves to buy about 900,000 tonnes of wheat from Australia since the end of the Gulf war, Mr Clinton Condon, chairman of the Australian Wheat Board, said yesterday, writes Kevin Brown in Sydney. Mr Condon said Iraq used gold bullion to pay for most of the wheat, which was delivered in a number of shipments over the last 18 months.

line The deal would be worth about $135m at yesterday's asking price of $150 per tonne. Mr Condon said further sales to Iraq were expected.

Former NSW premier cleared

An Australian court yesterday cleared Mr Nick Greiner, former conservative premier of New South Wales, of corruption allegations, two months after he was forced out of politics, writes Kevin Brown. Mr Greiner appealed to the state supreme court after being accused of corrupt conduct by the state's Independent Commission Against Corruption (ICAC). The commission was set up by Mr Greiner himself to clean up the state government.

Pakistan reaffirms rebel support

Pakistan yesterday reiterated its commitment to support the secessionist movement on the Indian side of Jammu and Kashmir, despite India's warning that talks on the Kashmir issue could only take place once Pakistan stopped such support, writes Shiraz Sidhva in New Delhi. "We will continue to give moral, political, and diplomatic assistance to the Kashmiri people." Mr Shaharyar Khan, Pakistan's foreign secretary, told the Financial Times only days after India and Pakistan agreed to hold talks on Kashmir, breaking a 26-year old deadlock on the subject.

Seoul and Beijing to announce diplomatic ties today

KOREAN WELCOME: a huge South Korean advertising poster, a common sight in Beijing, greets travellers on arrival in the Chinese capital's airport. Agencies report from Seoul.

The two countries have long been doing business together, a relationship expected to be cemented today with the official announcement of diplomatic relations. The new ties will signal the end to four decades of cold war hostility, a foreign ministry official said yesterday.

"All the paperwork is ready and the only thing left is the signing of the accord on the 24th [of August]," KBS radio quoted a high ranking foreign ministry official as saying.

For South Korea, long-sought diplomatic ties with North Korea's strongest backer are a key step towards its dream of reunifying the peninsula. China's trade links with South Korea expanded to exceed $5.8bn (£3.03bn) last year, with trade expected to top $10bn this year.

US increases pressure over China imports

By Nancy Dunne in Washington

THE US yesterday put pressure on China by publishing a list of $3.9bn (£2bn) in imports that could face sanctions if bilateral negotiations fail to reduce Beijing's import barriers.

The "hit list" – the largest ever published by the US – is headed by footwear and includes silk clothing, jewellery, ceramics, electronics, bicycles, watches, tea, spices, foods, and leather goods.

Mr Michael Moskow, the deputy US trade representative, said an effort would be made to avoid putting tariffs of up to 100 per cent on items which would otherwise be scarce.

There is also likely to be an effort to avoid damaging Hong Kong interests and to target state-run industries.

The list was published for public comment after a fifth round of talks in Beijing this week failed to produce what the US sees as satisfactory progress.

Chinese officials have hinted at retaliation.

The two sides will meet again in mid-September and the first week in October, in the hope of achieving a settlement by October 10, the deadline set under US trade law.

The US Commerce Department says its $12.7bn trade deficit with China is still growing. Imports rose almost 42 per cent in the first six months of this year, while exports increased only 18.4 per cent.

The US attributes the surplus to unfair trade barriers, such as China's import substitution policy and high tariffs.

Among other demands, it is pressing China to publish its laws, regulations, and judicial and administrative rulings pertaining to imports; to end import bans and restrictions; to discontinue restrictions imposed through import licensing; and to discontinue technical trade barriers, such as unreasonable standards and testing requirements.

US officials present their demands as an attempt to prepare China for membership of the General Agreement on Tariffs and Trade.

Lloyds plans Access card branding shake-up

By David Barchard

LLOYDS BANK, one of the original members of the Access credit card consortium, is planning a shake-up of the branding of its 2m Access credit cards. This will effectively convert them into Lloyds Bank credit cards with the MasterCard branding.

The move represents the latest step by Lloyds towards direct competition between banks in the credit card market and away from consortium operations.

Lloyds has not finally decided what form the change in brand design will take.

One option is for the MasterCard logo to be given equal prominence on the credit cards with that of Access. A more radical solution would be to transfer the Access logo from the front of the card to the back.

The move will be announced before the end of the year after which the redesigned cards will be issued in stages.

The redesign will not directly affect Lloyds' Access customers, the working of cardholders' monthly accounts, or the retail outlets in which the card can be used.

In a separate move aimed at building closer links between credit card customers and the banks, Lloyds redesigned its statements last month. They now emphasise the Lloyds branding and give much less prominence to Access.

Lloyds does not, however, plan to withdraw from the Access consortium which handles the marketing operations of the 8.8m cards carrying the Access branding. Apart from the four banks which own the Access brand name – National Westminster, Midland, Royal Bank of Scotland and Lloyds – Access cards are issued by five other small banks and building societies.

Two months ago the number of employees at the Southend, Essex operations of Access Brand was trimmed from 17 to nine, but the Access banks say that no changes in its marketing role are under consideration.

Another of the Access banks said yesterday: "We are aware of what Lloyds is planning to do, but as far as we are concerned, it is a decision for them alone. We are still committed to the Access branding."

Mrs Jane Jee, Access Brand general manager, said yesterday that she was not aware that Lloyds had any plans to move away from the Access branding.

There was some puzzlement in the credit card industry yesterday over why Lloyds was considering a retreat from the brand it helped launch 20 years ago, since Access is regarded as a very strong name.

About 41 per cent of UK credit card holders carry cards branded with Access, compared to 33 per cent for Barclaycard, the second largest brand.

Access is the UK affiliate of the MasterCard credit card system which also has a third brand name, Eurocard, in Europe. All three brand names are carried on UK Access cards, but some bankers feel that having three brand names on one card is confusing for the customer and obscures the role of the bank issuing the card.

● A pilot scheme to print customers' photographs on cash cards as a security measure appears to be successful, the Royal Bank of Scotland said yesterday.

The bank said 28,000 such cards – which cost each customer £2 – were in circulation and there had not been a single case of misuse following theft or loss, even when other cards stolen at the same time had been used fraudulently.

Duchess tabloids claim sales lift

THE DAILY Mirror and Sun newspapers yesterday claimed that their publication of intimate photographs of the Duchess of York and Mr John Bryan, an American friend, had greatly increased their sales.

The publication of the poolside photographs has been criticised by Buckingham Palace and has refuelled the debate over privacy and the press.

The Daily Mirror said an extra 14 per cent, or 370,000 copies, were sold on Thursday and more sales figures were coming in. Yesterday's print run, when further photographs were published, included an extra 300,000 copies, it said.

The Sun claimed its biggest sale for four years yesterday when it published a front page photograph of the Duchess topless. An extra 300,000 copies had been printed.

Yesterday the Duke and Duchess of York were at Balmoral with other members of the royal family. Mr John Bryan was reported to have visited a leading libel lawyer.

Repossession order led to arson

A MAN set fire to his home the day before it was to be repossessed by Citibank, Oxford Crown Court heard yesterday.

Mr Darren Kelly and his two brothers wanted to sell the house for £63,000 to clear their debts and had found a buyer, the court was told. But it was claimed that Citibank refused to sanction the deal because it was still owed another £3,000.

Judge Patrick Medd told Mr Kelly, of Littlemore, Oxford, who admitted arson: "The position you were put in when Citibank refused to accept £63,000 I can understand. It must have been frustrating and infuriating to a degree." Mr Kelly was given a 12-month prison sentence suspended for two years.

Citibank, which was not called to give evidence, said later: "We feel we should clarify that we have no record of any formal offer or interest from potential purchasers in Mr Kerry's property." It added: "We believe we acted responsibly and the customer was fully informed of our intended actions at every stage."

Wind farm for east coast

EUROS POWER, a subsidiary of Unigroup, the timber and building products company, yesterday announced plans to commission within the next three months the first wind turbine farm on the east coast.

The £2m-plus farm at Blood Hills, Great Yarmouth, Norfolk will produce about 6m kilowatt/hours of electricity per annum from 10 wind turbines, enough to supply the energy needs of about 1,200 homes.

Christmas closure

THE Matador mill, which makes Christmas wrapping paper at Felling, Tyne and Wear, is to close in November, with the loss of more than 150 full-time workers and a similar number of short-term workers. Britannia Products, the owner, plans to switch production to its larger factory at Bradford, West Yorkshire.

Life's modest pleasures prove too dear

Emma Tucker reports on the retreat from the indulgences of the late 1980s

CHASTENED CITIZENS in an austere Britain spent significantly less on life's pleasures last year. Beer, spirits, toys and games, and entertainment fell foul of the recession. Instead people preferred to stay at home watching television or listening to the radio.

The latest UK National Accounts published by the Central Statistical Office show that last year Britons continued to retreat from the indulgence of the late 1980s, spending less on all but one of the components that make up consumer expenditure.

Total consumer spending – which accounts for about two thirds of the UK's gross domestic product – fell by 2 per cent last year, the first fall since 1981.

Expenditure on household goods fell sharply, reflecting the depressed housing market, with carpets and furnishings suffering the biggest drop. Between 1990 and last year spending on household goods and services fell 3 per cent, the second consecutive annual fall. Spending was 6.5 per cent lower than the peak reached in 1989, after which the housing market started to tumble.

The year was bleak for sports, betting shops and theatres. It is hardly surprising that several West End musicals closed prematurely last year with spending on other recreational and entertainment services down 10 per cent.

Spending on betting and gaming fell by 5 per cent while newspaper and magazines suffered a 4 per cent fall.

Spending on sports goods, toys, games and camping equipment fell by 4 per cent, the first fall in this category for 10 years.

Cars fell out of favour as spending dropped by 19 per cent – a far bigger drop than the 7 per cent registered between 1989 and 1990.

Household spending on food, which accounts for just over a tenth of all consumer expenditure, was flat on the previous year although the pattern of spending pointed to a somewhat healthier, if poorer, nation. Spending on cakes and biscuits fell by 2 per cent while spending on vegetables rose by 5 per cent. Spending on potatoes – cheap and filling – rose by 2 per cent and spending on sugar dropped 4 per cent. Fruit was less popular with expenditure falling by 3 per cent.

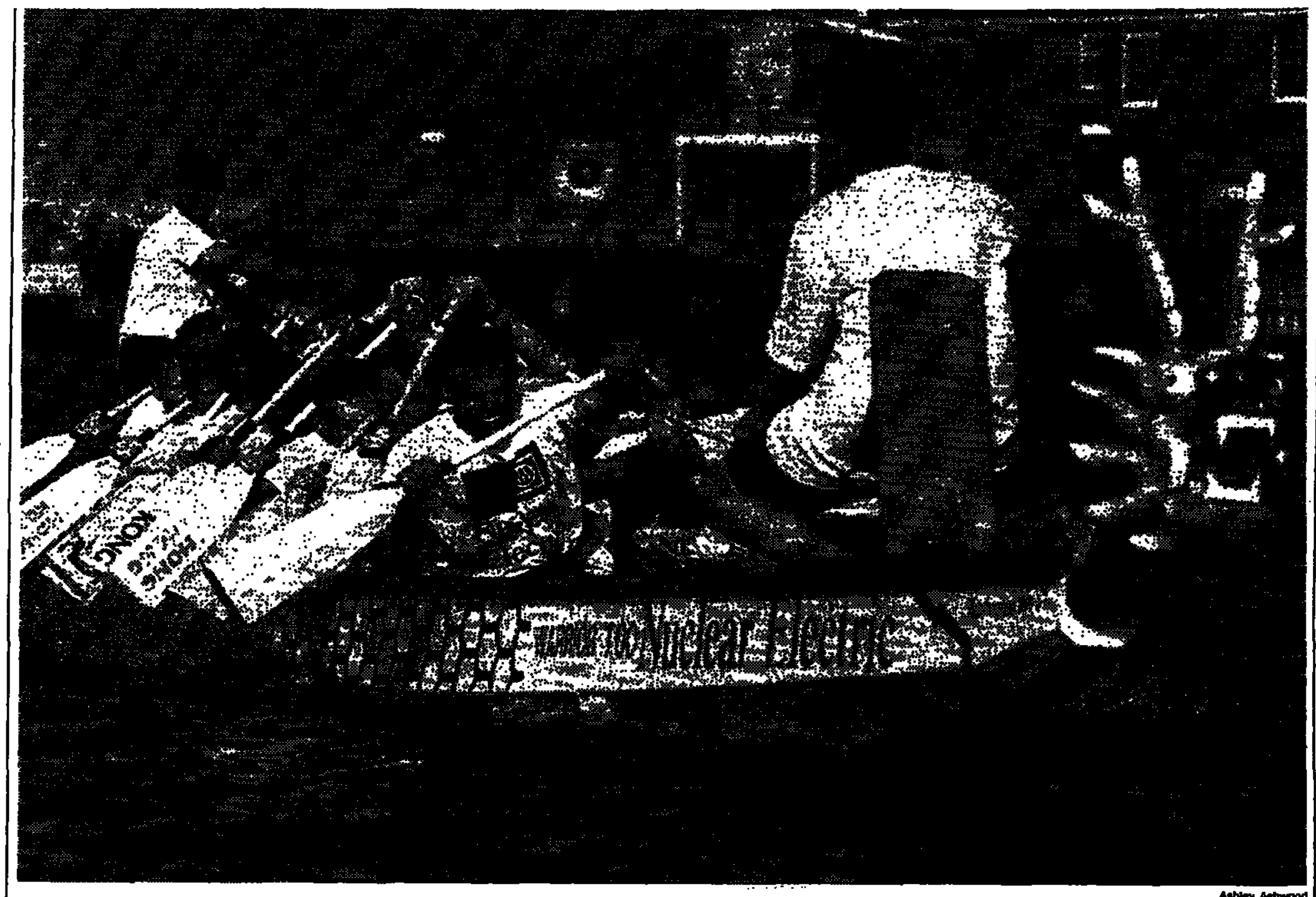
People tended to make do with the previous season's fashions last year as overall spending on clothing and footwear dropped by 2 per cent. Spending on men's clothing dropped 7 per cent, the third successive fall.

Purchases of "fripperies" were less popular than in 1990. Spending on jewellery and clocks was down 7 per cent, and expenditure on hairdressing and beauty care fell for the third successive year. Restaurants were even emptier than in 1990 as spending fell by 4 per cent.

Spending on fuel and power, the one component of consumer spending to rise, increased by 8 per cent on the previous year with big increases in outlay on electricity and gas.

● Revised figures from the Central Statistical Office show that gross domestic product fell by 2.4 per cent last year rather than the provisional estimate of a fall of 2.2 per cent. GDP figures for 1990 were also revised to a rise of 0.6 per cent rather than the 1 per cent originally reported.

UK National Accounts, 1992 Edition. HMSO. £14.75.



Ashley Ashwood

Making a splash: Nuclear Electric says its dragon boat team – pictured practising in Hartlepool Marina, Cleveland – is a good way of promoting the company

Enter the dragon into corporate sport

Richard Donkin discovers that team spirit and brand awareness mix well on the water

SCREAMED commands and the dull thump of a jungle drum disturbed the evening calm as a low craft skimmed across Hartlepool Marina in Cleveland, looking like a giant centipede doing the front-crawl.

Twenty paddles moved in unison behind Mr Dave Price at stroke. His teeth were set in a snarl as muscular forearms shovelled water into the boat's wake.

Enter Nuclear Electric's dragon boat, which is in the vanguard of one of Britain's fastest-growing corporate sports.

In the five years since dragon boat racing was imported from Hong Kong, some 60 clubs have been established across the UK. Last year about 380 teams took part in competitions.

All teams competing in events organised by the British Dragon Boat Association must have corporate sponsorship. The reward for the companies is the opportunity to encourage team spirit while spreading brand awareness.

The sport's popularity has been confirmed by its inclusion in the annual World Corporate Games, an international sporting event for company teams and individuals that next month is being held in London for the first time.

Dragon boat racing originated in China where an annual festival is held to commemorate the death of a 4th century BC poet, Qu Yuan, who threw himself into the Mi Low river after he was expelled from the royal court. Fishermen are said to have raced their boats out in an unsuccessful attempt to save him. The sport is so named because of the ornamental dragons' heads at the prow of the boats.

Adopted as a competitive sport in Hong Kong during the mid-1970s, it spread swiftly throughout the Pacific rim and is believed to be the biggest corporate sport in Australia.

The two-day world championships in Hong Kong are televised live. "Over there it's akin to the FA Cup in England," says Mr Price, who works in the Hartlepool power station's planning department.

Chinese and Hong Kong boats are made of mahogany, but Mr Chris Hare, a boat builder based in Hartlepool, made glass-fibre moulds of the boats which he now constructs commercially.

Nuclear Electric adopted dragon boat racing three years ago when the company was still a part of National Power before the privatisation of the electricity industry.

A scratch team using a borrowed boat entered a race at Hartlepool Marina and came third. "We found we were good at it so went to the management and asked if they would foot the £5,000 bill for a boat of our own," says Mr Price.

Mr Bill Shirra, administration manager at the power station, says: "At the time National Power was looking for ways, like any new company, to get its name across to the public and the opportunity to have the company name and logo on the side of the boat at events around the country seemed appealing."

A year later the newly formed Nuclear Electric took over the sponsorship. The state-owned electricity generator has specific requirements on sponsorship decisions. To attain commercial viability it sees its main task as gaining public acceptance of nuclear power.

"We're convinced we have the power source for the future," says Mr Shirra. "But we have to get this message across to the public."

The dragon boat team is viewed as a cost-effective way of promoting the company. "We see them as ambassadors to the public for nuclear power," says Mr Shirra.

The creation of the team had also had an internal spin-off, he says, in fostering team spirit among the workforce.

Mr John Collier, chairman and chief executive, says sponsorship is a way of putting something back into communities that serve the industry.

"In addition, it is an opportunity to be involved with events which suit our company profile and values," he adds. Nuclear Electric, he says, is attracted to events that concentrate on teamwork.

The Hartlepool team came third in the national championships last year and has competed in Belgium, Hong Kong and Singapore.

Mr Price says: "It is something that you can do at all levels. We have raced against the best teams in the world, such as the Indonesian national team – the world champions – and we've raced against the Brownies and Cubs."

The Hartlepool team will be among nearly 8,000 competitors contesting 22 events in the World Corporate Games running from September 26 to October 4 at venues in and around London. The closing date for entries is August 29.

The games organisers can be contacted on 071 351 1992. Further details about dragon boat racing from the British Dragon Boat Association. 071 930 2296.

Holiday industry on alert for cuts

By Michael Skapinker, Leisure Industries Correspondent

WITH MUCH of Britain still on holiday, tour operators will next week start announcing their 1993 programmes, giving an early indication of whether the industry's price battles are set to continue.

Operators and travel agents will be looking at any reduction in the number of holidays offered. Mr Roger Allard, managing director of Owners Abroad, the UK's second-largest operator, estimated that the supply of 1992 holidays exceeded demand by 1m in February and March. By the summer fierce price competition and some trimming of capacity had reduced this to 500,000.

The industry will focus particularly on the brochures of Thomson, the market leader, which announces its 1993 offerings on Tuesday.

Ms Rosemary Astles, Thomson's marketing director, said the company was determined to restore its market share to a third. Oversupply of holidays this year saw Thomson's share fall to 30 per cent, she said.

Owners Abroad announced at the start of this year's high season that it had cut 100,000 holidays from its programme. Mr Allard said the company would reduce capacity by a further 5 per cent next year.

Ms Astles said Thomson had no intention of doing the same. "We will not be contributing generously to the reduction of the oversupply because we didn't start the oversupply," she said. As to price, she said Thomson would not be too concerned if other companies offered cut-price holidays "as a gimmicky come-on – as long as there are not too many available".

Thomson's price policy would be "made with our market-share objective in mind". In the past this has meant Thomson reacting to oversupply or cheap offerings from rivals with a warning burst of price-cutting.

Mr George Marcall, sales director of Airtours, the third-largest operator, said his company's 1993 prices were likely to be at the same level as this year's. Mr Allard expected prices to rise by 2 per cent or 3 per cent. Both forecasts imply a price cut in real terms.

The falling dollar has, however, reduced the cost of providing US holidays. As aircraft fuel is priced in dollars, savings are also available to other destinations. In addition, Mr Marcall said, the Mediterranean had had a difficult summer and tour operators would be able to drive a hard bargain with hoteliers.

Mr Peter Rothwell, marketing director of Lunn Poly, the biggest chain of travel agents, said he expected some eye-catching promotional offers, such as free holidays for children. "But really, these will tend to be price skirmishes rather than fully-fledged battles."

Operators will try to capture that proportion of the market which tends to book holidays early.

Factory workers who have to take their holidays during plant shutdowns are among those booking early. This usually means strong early bookings from the North which has proved to be a more resilient market than the south during the recession.

Office equipment supplier is placed in receivership

DECIMO International, the family-owned office equipment supplier trading under the "Decimo Vatman" brand name, has been placed in administrative receivership, Michael Cassell writes.

KPMG Peat Marwick was yesterday appointed receiver of the company.

Decimo, founded in 1968, imported a range of goods under its own brand name – including facsimile machines, word processors and photocopiers from the Far East – and grew rapidly in the 1970s and 1980s.

Early this year annual turnover was reported at £7.4m but the company has been badly hit by the recession as employers have reduced office costs. Decimo's problems were compounded by the increasing tendency of overseas equipment manufacturers to cut out agency arrangements and sell direct to customers.

Mr Tony Thompson, the joint receiver, said last night that a change in policy by Far Eastern suppliers "was the final straw".

Decimo, based in Luton, recently employed about 60 people but staff is down to 12.

Mr Thompson said: "The recession is now affecting the most renowned companies. Decimo have developed products which are noted for their reliability, innovation and value-for-money".

In view of the company's reputation, he was hopeful it could be sold as a going concern.

Campaign against water sell-off dubbed 'hypocrisy'

THE CONSERVATIVES and the Scottish National Party yesterday attacked Labour's campaign against water privatisation in Scotland as "hypocrisy" after it emerged that Labour-controlled Scottish councils had invested £25m in shares in the privatised English and Welsh water industry.

Mr Allan Stewart, a Scottish Office minister, said Labour's campaign had been "blown out of the water". The SNP said the news was a "disgraceful example of Labour's double standards".

It emerged yesterday that Labour-dominated Strathclyde regional council had invested £15m of its pension funds in five privatised English water companies. The Grampian, Lothian, Fife and Central regional councils had also invested in the industry.

Mr Stewart accused Labour of the "ultimate hypocrisy". Labour "condemned any thought of using private capital in Scotland's water industry while, at the same time, they help to finance private water companies in England. Labour have a lot of explaining to do."

The Labour-dominated Convention of Scottish Local Authorities said investment managers had a duty to ensure the best possible return for pension funds.

Mr Iain Lawson, for the SNP, said: "The excuse that pension fund managers cannot be influenced by moral considerations does not wash."

Labour calls for clarification on operations in Iraq

By Philip Stephens, Political Editor

THE LABOUR party yesterday called on the government to clarify the terms under which British warplanes will operate in southern Iraq. It warned that it would not support attacks on ground positions without further United Nations authorisation.

Mr Jack Cunningham, shadow foreign secretary, wrote to Mr Douglas Hurd, the foreign secretary, seeking clarification and confirming broad support for the operation by the US, Britain and France to protect the beleagured Shia communities from Iraqi bombing.

Mr Cunningham said, however, Labour was disturbed by conflicting reports from London and Washington on how the zone would be enforced.

He asked for assurances from Mr Hurd that the UN had been kept fully informed of the plan and added that attacks on Iraqi ground forces within the zone should not be permitted unless and until they were first considered by the security council.

His letter coincided with a series of attacks on Labour's approach to foreign policy by a number of MPs on the left of the party.

Ms Clare Short, newly restored to a position on the Labour front bench, attacked the leadership's refusal to demand the recall of parliament to discuss the crises in Bosnia and Iraq. Her comments came as an editorial in Tribune newspaper, which represents opinion on the left, launched a bitter attack on Mr Cunningham's inexperience in foreign affairs.

● The Royal Air Force will not make use of RAF Bentwaters and RAF Woodbridge in Suffolk when the US Air Force leaves the two bases next year.

The Ministry of Defence had been considering moving Harrier aircraft from RAF Wittering, in Cambridgeshire, and Jaguar aircraft from RAF Coltishall, in Norfolk, to the two bases when it resumes full control of the sites next September. But the MoD said yesterday that an investment appraisal had shown it would not be cost effective.

The ministry believes it unlikely that a long-term defence requirement will be found for the two Suffolk airfields.

BA warns strikes may force sell-off

By Catherine Milton and Daniel Green

BRITISH Airways yesterday warned it would close or sell its restructured regional business if cabin crews in Manchester and Birmingham continued industrial action over pay cuts.

Mr Robert Ayling, BA operations director, said: "We can only keep this business running on the basis agreed in March, otherwise we will have to close the business or sell it to someone else." He said no deadline had been set.

Seven flights were cancelled following strikes at Manchester and Birmingham airports this month. BA has threatened to suspend without pay crew members taking further action. The union plans more one-day strikes and is balloting members over industrial action short of strikes.

It is understood that, earlier this year, BA had been on the point of signing over European and domestic services out of Birmingham and Manchester, as well as Highlands and Islands services, to a joint venture with Maersk Air, the UK investment arm of the Danish independent carrier.

This was abandoned in March in favour of an in-house restructuring that would preserve jobs, but cut labour costs. The Maersk deal would have saved an estimated £9m. The in-house restructuring is said to save £8.2m.

Several airlines have taken similar steps to cut costs. Lufthansa, the German state carrier, is establishing a lower cost structure for domestic services. It will operate as a separate carrier under the name Lufthansa Express from October 25, and pay rates are intended to be lower than for Lufthansa. Mr Ayling said BA would not copy Lufthansa's strategy.

Bassa, the section of the TGWU general union that represents the 500 cabin crew involved in the dispute, said the threat confirmed the fears of crews which had sought guarantees that the business would not be sold following the recent cost-cutting restructuring. Any buyer would have a "rough ride" with "angry" crews.

The union denies that it agreed to new contracts under which about 1,000 crew members face pay cuts of £2,000 on annual salaries of £14,000, with no pay rise next year unless inflation is above 4 per cent. The union claims that its bargaining rights have also been reduced. BA insists agreement was reached.

Last week BA made what it described as its final offer, worth about an extra £1,000 per crew member. The offer was designed to bring an end to the union's programme of one-day strikes and settle 221 legal actions by crew claiming breach of contract.

Guards sacked in BR dispute

By Catherine Milton

THOUSANDS of passengers at Manchester's Piccadilly station were delayed yesterday after an unofficial dispute over rostering led to the sacking of four guards.

Some InterCity trains between Manchester, London, Brighton and Bournemouth were cancelled, but others ran normally. Local trains serving south Manchester, Cheshire and beyond were also hit as the RMT rail union and British Rail tried to solve the dispute.

BR said it was running between 35 per cent and 50 per cent of services on lines affected, but advised passengers to make alternative travel plans to avoid disruption.

The dispute started when guards alleged trainee drivers were doing their jobs. BR said the four guards terminated their conditions of employment by inciting other staff to stay off work. The RMT said BR had broken a code of practice issued by Acas, the conciliation service, on disciplining staff representatives.

Long Beach awaits bids for the Queen Mary

By Tim Burt

BIDS for the Queen Mary, the 81,237-ton former flagship of the Cunard shipping line moored as a tourist attraction at Long Beach, California, close on Monday.

The ship's owner, the City of Long Beach, put her up for sale after the Walt Disney entertainment group decided not to renew its lease on the site near Los Angeles. Disney is thought to have lost $5m a year since it leased the vessel in 1988 as a floating hotel and museum.

Long Beach Harbour Commission, which is handling the sale, expects most potential buyers to delay bids until close to Monday afternoon's deadline – 4.30pm Pacific Standard Time.

Officials expect up to 50 firm proposals. If they fail to find a buyer the Queen Mary's last voyage could be to the scrapyard.

The potential schemes include a Japanese plan to convert the vessel into an office block and several casino projects, although this would require a change in California gambling laws.

One of the most ambitious plans is to return the Queen Mary to Southampton, her home port, from where she sailed on her last journey to Long Beach on October 31 1967.

Long Beach has set stringent terms for the sale. Each bid must be accompanied by a $100,000 (£51,600) deposit, with audited financial statements, marketing strategies and a date for removal. The successful purchaser, who will be named in mid-September, is also required to make a $5m down-payment.

Conservation groups in Liverpool and Glasgow have dropped out of the bidding. Merseyside Development Corporation said Liverpool could not raise the $100,000 deposit. The Clyde Port Authority said the river where she was built was too silted to make the project worthwhile.

The business-backed Queen Mary Project UK, based in Southampton, hopes to refurbish the huge ship – eight times the size of HMS Belfast moored on the Thames in London – as a business park, hotel and casino.

Mr David Abraham, chairman of the project and leader of the Conservative group on Southampton City Council, said: "We've come across nothing yet to say it's impossible to bring her back."

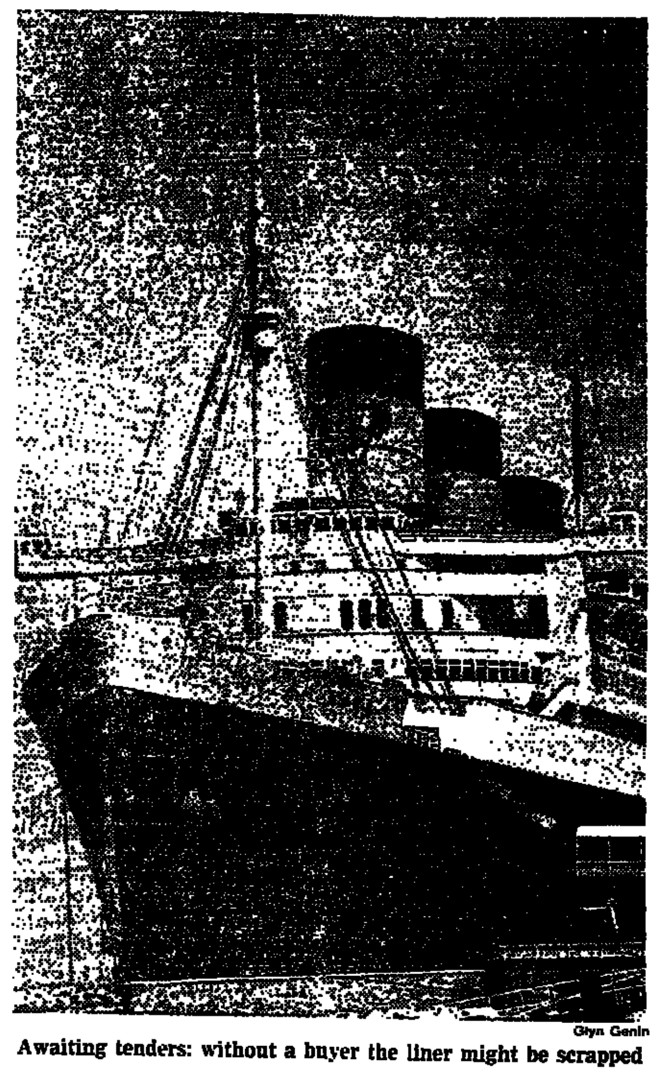
Rotterdam-based Smitwis Towage has estimated that returning the vessel to the UK would take about 200 days as long as the ship was seaworthy. She is too big for the Panama Canal, so would have to be towed round Cape Horn.

In her prime the vessel crossed the Atlantic in four days.

British maritime experts say the Southampton project would be costly and unlikely to make money. Ms Janet Hales, secretary of the Maritime Trust, said: "The maintenance costs of such a huge vessel would be tremendous. If Disney cannot operate it successfully the chances of doing so in the UK are very remote."

Rados International, a US naval engineering company, has estimated total repair costs at $27m, including $2m to replace watertight bulkheads.

The costs, which persuaded Disney to terminate its lease, could force Long Beach to scrap the ship if it fails to find a buyer with considerable financial muscle. Shipping enthusiasts fear that the authorities may have to break up the liner or tow her into the Pacific, where she could be sunk.



Glyn Genin

Awaiting tenders: without a buyer the liner might be scrapped

Historic abbey to become hotel

By Paul Cheeseright

COOMBE Abbey, a Midlands landmark outside Coventry since the Cistercians established a monastery there in 1150, is to be restored as a luxury hotel.

The £14.4m private and public-sector development will include a country park and golf course.

Coventry City Council, the landowner, announced yesterday that it had reached agreement with Lumley Castle, the Durham hotelier, Try Construction and Allied Irish Banks on a financial package arranged by Price Waterhouse Corporate Finance. Work on the project should start next month.

The venture emphasises the growing readiness of Labour-controlled councils to work with the private sector on economic development. The process has been hastened by the government's constraints on council spending.

The city council contribution to the Coombe Abbey project is worth £4.6m. This comprises the land and grants arranged by the council, including one of £977,000 from the European Community. The majority equity holder will be Lumley Castle.

Mr Gordon Bear, who owns Lumley Castle and will run the new hotel, has a personal stake in the project of £250,000. The main development will be financed by borrowings of £8.5m from Allied Irish Banks. Try Construction will have £1m of equity.

Coombe Abbey is a grade I listed building that has fallen into dilapidation. The last significant works on the site were undertaken in the mid-19th century. The city council – which is making cuts to avoid poll tax capping – does not have the resources to maintain it.

The first stage of the development will provide a visitor centre and other public facilities for a country park. The second stage will transform the buildings into a 49-bed hotel.

This is smaller than was first envisaged – earlier this year the hope was for a £20m project, partially funded by China Construction International, a Chinese government company. However, the Chinese interest evaporated.

Tories renege on education pledge

By Andrew Adonis

THE government has gone back on a commitment in its general election manifesto to give popular state schools in England resources to expand – provoking protests from church schools wanting to increase their intake.

In February Mr Kenneth Clarke, then education secretary, issued a consultation paper on proposals to give extra funds to popular schools, with about £20m allocated to the initiative for next year.

The Conservative manifesto included the commitment: "Popular schools which are over-subscribed will be given the resources to expand."

However, it emerged yesterday that no funds will be made available to popular schools in local authorities with surplus places.

Since there are 1.5m surplus places across England, and it will take several years to remove most of them, in effect the government is reneging on its commitment.

The decision will anger many on the Conservative right, who believe that market forces – not reorganisations from above – should play a larger role in determining school provision.

The Department of Education said yesterday that removing surplus places was the government's "main priority", and that Mr John Patten, the new education secretary, gave a higher priority to that than to allowing existing schools to expand.

At present the closure of "surplus" schools is often a long and controversial process, but the department said that legislation to be introduced next year would "accelerate" it by allowing the government to introduce its own closure proposals.

It added: "Popular schools will benefit, since they will gain the extra pupils and resources currently going to the under-subscribed schools."

Mr David Lankshear, schools officer for the Church of England Board of Education, said schools would be "angry" at the news. The Catholic Education Council said it was "disappointed".

Mrs Ann Taylor, shadow education secretary, said the move was typical of the government's chopping and changing in education.

"Ministers have left some schools high and dry after foolishly promising them extra cash," she said.

"I shed no tears at the cutting of the Popular Schools Initiative, but fear it is a sign of serious cuts to come with a secretary of state who will be unable to fight his corner against the Treasury."

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UK still in recession

THE SECOND quarter of 1992 was not, it turns out, when the UK's long recession came to an end. With the 0.1 per cent decline in overall gross domestic product, the recession, like an unwelcome guest, kept its foot in the door. But it was no more than the oil and gas extraction foot that stayed. The rest of the economy did grow by 0.1 per cent.

Nonetheless, output must now rise by more than 1½ per cent between the first and second halves of 1992 if GDP is not to shrink yet again this year. The Treasury's forecasts of 1 per cent growth in GDP between 1991 and 1992 are, once again, for the waste paper basket.

Almost all sectors of the economy were either stagnant or shrank between the first two quarters. The exception was manufacturing, which grew by 0.4 per cent. But this growth will not endure without a sustained increase in final demand.

The post-election bounce in demand has not been maintained. While the three months to July saw retail sales 0.3 per cent higher than in the previous three months, July itself registered a small decline. Worse, the latest distributive trades survey from the Confederation of British Industry, taken in late July and early August, was unremittingly gloomy. A third of respondents said the volume of sales in July was higher than a year ago, but 48 per cent said it was lower.

Car sales have been particularly disappointing. The change of registration prefix in August is supposed to stimulate the appetites of the car buyer. It has not done so. Sales have merely matched last year's dismal levels. No wonder Ford UK felt obliged to announce a three-day week.

Unsold vehicles

Carmakers must cut their stocks of unsold vehicles. Should that pattern become more general, manufacturing output will turn down once more. Happily, the figures on stocks released this week do not support the gloomiest view. They show not involuntary accumulation, but a decline of £1,093m, at 1985 prices, in the value of the stocks held by manufacturers, wholesalers and retailers during the second quarter. But stocks of finished goods with manufacturers still rose by £149m.

Restocking is, in any case, not enough to create a strong recovery. That depends on final demand. But the government has just tightened its system for controlling future levels of public spending. Meanwhile, as the Bank of England's Quarterly Bulletin notes, non-oil export volumes rose by only 0.8 per cent between the second half of 1991 and the first half of 1992. This is particularly depressing in the midst of a deep recession, precisely when one might expect exports to soar.

Private consumption is, in any case, much the most important component of demand, accounting for almost two-thirds of the total. It is the failure of consumers to spend that worries the government most.

Not long ago Mr Stephen Dorrell, the finance secretary, insisted that low inflation was bound to generate the confidence to spend. He also noted that since joining the ERM a family on average earnings with a £30,000 mortgage had seen real disposable income rise by 18.5 per cent, or £35 a week. So why are all those ungrateful families not going out to spend and spend?

Silly time

The simplest answer is that low inflation cannot generate confidence in people who have just bet on high inflation. Moreover, the Treasury seems unable to grasp that especially in an economy with a liberalised capital market a very high proportion of private spending is, in fact, investment. This is not true just of housing. It is also true of cars, washing machines or refrigerators. The timing of such purchase is alterable. Right now seems a silly time to buy.

On the basis of current retail price inflation and short-term rates of interest, the real rate of interest is 6 per cent. If the prime minister is right about zero inflation, the long-term real rate of interest verges on 9 per cent. Why borrow to spend now, when one can save and buy still more later? Low inflation does, indeed, breed confidence. But it is the confidence to save; not the urge to spend.

Past experience gives a still more powerful reason to postpone consumption and reduce debt. People borrowed five years or so ago because they believed they were richer than they actually were and that they would get still richer by buying houses and other real assets. Now they are far poorer than they thought, itself a good reason to lower consumption. In addition, the highest return investment available is to reduce their indebtedness.

What the government offers the consumer, a world of zero inflation, is no reason to spend. For indebted consumers, for consumers who fear the loss of a job, for consumers – almost 1m of them – with negative equity in their houses, zero inflation is an excellent reason to save. The government's promised elimination of inflation is not a solution to the recession; it is becoming a contributory cause.

Japanese shares look cheap by international standards, but history offers a warning to investors, says **Peter Martin**

Good buys, but a risky business

When Japanese shares touched their latest six-year low in the middle of the week, they appeared to offer some remarkable bargains. Even after the 13 per cent rally in the Nikkei index in the past three days, you can still buy blue-chip Japanese stocks at prices that have not been seen in years – ones that look particularly cheap when you compare them with the levels of share prices on Wall Street.

Companies such as Matsushita, the electronics giant; Nissan, the car manufacturer; Hitachi, the electrical and electronics producer; and Fujitsu, the computer company, are all selling at below the book value of their assets. You can buy Toyota shares at only 11 times its last reported earnings per share; on this basis, Ford and GM, both loss-making in their latest financial years, are more expensive. Fuji Photo is selling at 13½ times earnings; Kodak at 13¾.

When you buy a share, you are acquiring rights to a future stream of corporate earnings. The rate at which those earnings rise is a critical determinant of how successful the investment will prove.

If you can buy a Japanese company's current earnings stream at roughly the same price as you can buy that of an American company, the better bet is the one that is likely to grow faster. Now, given the developments of the past 40 years, which do *you* think is likely to raise its earnings faster, a Japanese company or an American one?

Alas, western investors fell for a similar line of argument a year ago, with the Nikkei index at 22,000. International fund managers piled into Japan; Scottish fund managers, famous for their caution and long-term view, found prices particularly attractive. This week, they found themselves sitting on paper losses of nearly 40 per cent.

International fund managers are therefore holding back, unsure whether current Tokyo share prices represent the buying opportunity of the decade, or yet another false bottom. After all, the Nikkei is still swinging wildly; some people say it could halve again. Unlike last autumn, investors now have Japanese economic conditions to worry about: in the process of deflating Japan's huge late-1980s bubble of property and share prices, the government has squeezed the economy to a standstill.

Companies are suffering. The price/earnings ratios mentioned earlier are historical ones, relating in some cases to fiscal years that ended in the middle of 1991. Since then, Japanese earnings have fallen steadily. Toyota's historical p/e ratio, based on the financial year that ended in June 1991, is indeed 11; but the consensus estimate for the year that ended in June 1992, as calculated by the IBES survey of analysts' forecasts from around the world is 19. The estimate for the year now under way is 18.

That may be too optimistic. Corporate earnings forecasts for the fiscal year to March 1993 have began to seem too bullish, as the expected economic recovery in the second half is now seen as unlikely to materialise. Consumer demand, which was expected to help the economy rebound in the latter half of this year, is declining rapidly, and economists are revising down their economic growth forecasts.

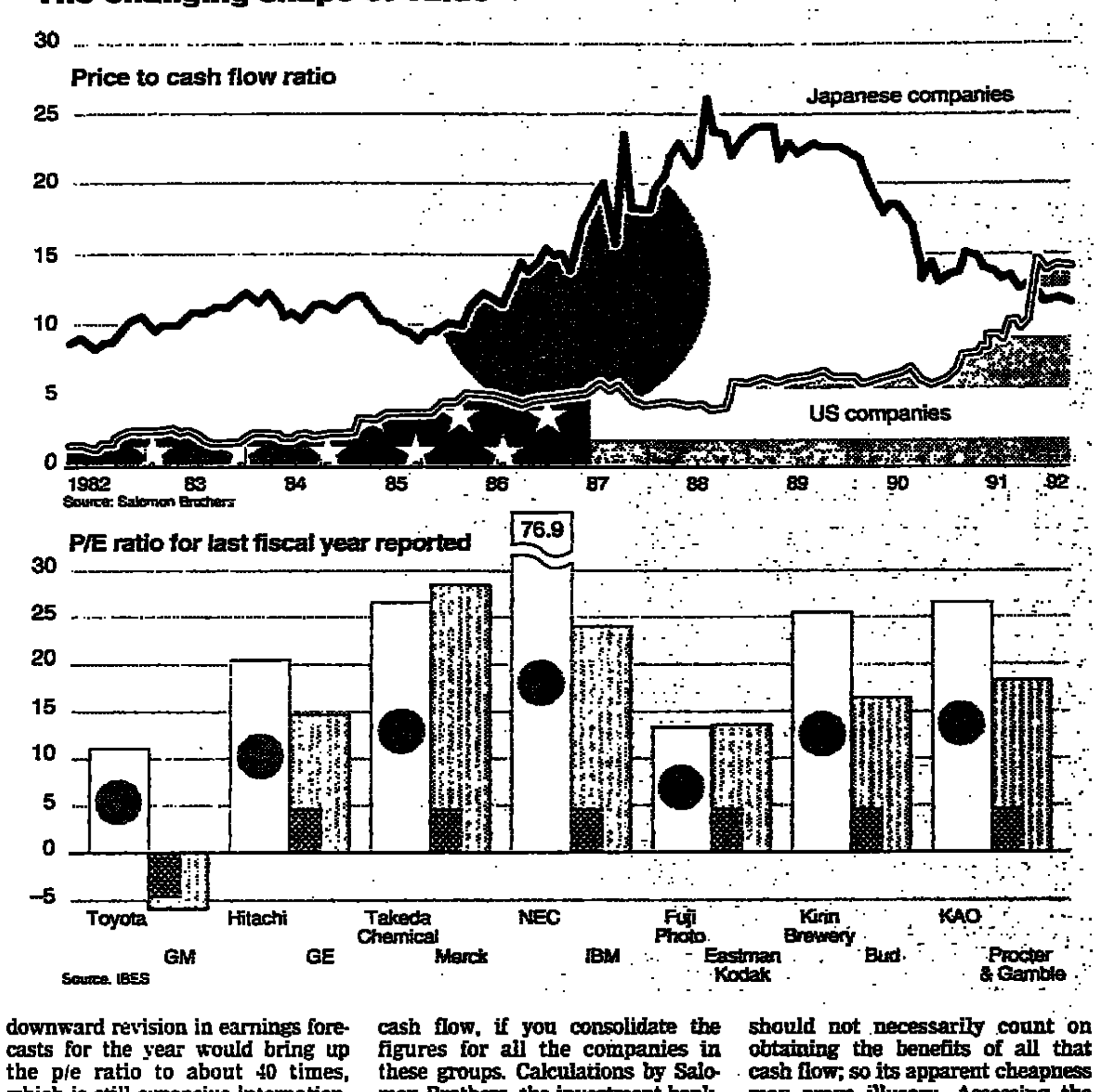
On current forecasts, the market is a whole is selling at a price/earnings ratio of 35. But, says Mr Craig Chudler, strategist at UBS Phillips & Drew in Tokyo: "A 10 per cent downward revision in earnings forecasts for the year would bring up the p/e ratio to about 40 times, which is still expensive internationally and historically."

But price/earnings ratios do not tell the whole story. Japanese reporting conventions arguably understate companies' profitability, so investors have been used to buying their shares on far higher price/earnings ratios than those of western companies, even before the 1980s Tokyo stock market surge. The opportunity to buy some, at least, of Japan's blue-chip companies at broadly comparable ratios to their US rivals is unusual.

Just as important, Japanese companies invested so much in capital equipment in the late 1980s that they now have huge depreciation charges, which hold down their profits. "On a price/earnings ratio, only Fuji Photo looks really cheap," said one international fund manager this week. "You have to look at price/cash flow ratios to find the real bargains."

Cash flow – profits with depreciation added back in – is a measure of underlying trading performance. Nissan and Fujitsu, for example, are both selling at less than four times cash flow, if you consolidate the figures for all the companies in these groups. Calculations by Salomon Brothers, the investment bank, illustrated in the main chart, show that a group of big blue-chip Japanese companies, after years of selling at a higher price in cash-flow terms than their American equivalents, finally became cheaper this spring. Since then, the gap has probably widened.

The changing shape of value



Cash-flow arguments highlight the real uncertainty from an investor's point of view: just what will the companies do with their cash? In the 1980s, Japanese companies raised money at extraordinarily low interest rates, and ploughed it into low-return investments, both at home and abroad. "There was a blow-out in discretionary expenditure in the late 1980s, and total lack of interest in feeding any of it through to the bottom line," says one international money manager. A Tokyo analyst adds: "Many of these activities increased rather than decreased the break-even point."

If Japanese companies continue the pattern of the past, investors should not necessarily count on obtaining the benefits of all that cash flow; so its apparent cheapness may prove illusory. Assessing the value of Japanese stocks thus turns on the question of whether anything has happened to change the way Japanese managers behave.

One thing has happened. The cheap money of the 1980s has vanished, and Japan's cost of capital has risen sharply. Managers, chagrined by the low returns on their splurge of capital expenditure, are assessing projects much more rigorously. Companies, faced with repaying cheap money and replacing with with much more expensive borrowings, are thinking much harder about profitability.

Mr Richard Koo, an economist at Nomura Research Institute in Tokyo, wrote a much-talked-about paper in the spring, focusing on Japanese companies' chronic inattention to profitability, and arguing that it was now about to change. This week he said: "Quite a few Japanese companies are taking that paper very seriously. The problem is they are stuck with existing product lines." Products suitable for a volume-oriented strategy are not those on which a successful drive for greater profitability can be based. You will not see the results of a change in strategy, he argues, until the next product cycle.

In the meantime, however, Japanese companies have one option: they can turn off the spending taps. That could produce a much more rapid bounce-back in profits when the economy starts to recover than Tokyo analysts expect. But investing on that basis is a bet on the timing of the Japanese economic cycle, a risky business given the strains to which the economy has been subjected. There are signs that the Japanese government is at last taking the situation with the seriousness which the markets believe it deserves. Much hangs on the government's economic package, scheduled for August 28. If that is judged less than the occasion demands, this week's brief stock market recovery could be speedily undone.

There is one additional factor for investors to consider. Even if everything goes right for Japanese companies from here on, that does not mean share prices will respond in the way they would in the west.

Western stock markets – particularly Anglo-Saxon ones – have had many decades of judging share prices in terms of valuation: weighing up the likely future income streams of companies, and calculating how cheap or dear that makes their shares. They do not always get it right, and they are prone to swings of mood that drastically affect the projections of future earnings and the value placed today on a dollar of earnings tomorrow. But the analytical framework is a shared one, and investors can be reasonably sure that, if they identify bargains correctly, others will in time come to adopt their views, driving the share prices up and rewarding early purchasers.

In Tokyo, things are different. "There is no discipline of valuation in this market," says one British banker based there. Japanese investors have traditionally held a large portion of their assets in a passive form, determined as much by long-term corporate relationships as by investment judgment. The portion left over for discretionary investment has been used to place short-term bets on stocks which were already moving up – what is known as the "momentum" theory of investing. The momentum approach says that you do not bet on a stock that is down.

During the bubble years, when shares were going up along with everything else, industrial companies poured some of the cheap money they were raising into the stock market.

That was fine when the market was going up, but now the market has halved. What seemed like sure-fire investments are now hopeless money-losers. Industrial companies – and retail investors – are deeply unhappy with their share portfolios, and keen to get out if they can do so with any degree of honour. Any rally is a signal for selling – so rallies do not last long.

In the very long run, of course, a bargain stock remains a bargain. But in Tokyo, the mechanism that will drive it up from its low levels is imperfect. So buying now in expectation of a rise as others come to share your view about a stock's appeal is a dangerous business. As one New York-based investor put it this week: "I've covered all my short-sales in Tokyo – but I haven't started buying yet."

Additional reporting by Emiko Terazono in Tokyo

Ugly scrum in South Africa

Patti Waldmeir on a symbolic battle for political power at the rugby ground

Strange as it may seem for the land that invented apartheid, racial hatred seldom darkens a normal day in Johannesburg. But these are not normal times in South Africa. A raw battle for political power is under way, and the battlefield stretches from township street to rugby stadium.

Thousands of rugby-mad whites at Cape Town's Newlands stadium will today have a chance to show whether they value the country's sense of interracial goodwill which has for so long defied the logic of apartheid - but which is under serious strain. They will be called upon to stand and observe a minute's silence for the victims of South Africa's political violence – almost all of them black. The occasion will be white South Africa's chance to demonstrate a spirit of reconciliation. Such gestures have become rare in recent months, whether from average citizens or from political leaders, white and black. The prospects for peace and progress in South Africa will partly depend on the rugby crowd's behaviour.

The omens of the past week are not favourable, however. Last Saturday, when South Africa's rugby side met New Zealand's All Blacks, white fans defiled the sporting atmosphere with a loud and emotional rendering of the South African national anthem, a potent symbol of Afrikaner nationalism and for blacks, the ultimate token of apartheid. One liberal spectator tried to convey the ugly tone of the incident: "People who didn't even know much Afrikaans (the language in which die Stem is written), who had certainly never sung it before, were singing so loud that the veins were standing out on their foreheads."

In the emotionally charged atmosphere of South Africa's first international rugby match for eight years – a match made possible by the anti-apartheid movement's decision to drop sport sanctions against Pretoria – some local newspapers commented that the incident had amounted to an obscene gesture directed at the new multi-racial South Africa.

"The very first chance we get to demonstrate new attitudes, to make some gesture towards reconciliation, we succeed only in showing ugly intransigence," commented a shamed spectator in the weekly Financial Mail.

But the incident reflected more than racial intolerance. It demonstrated an explosive anger among whites at their new and unaccustomed sense of powerlessness in the face of black political power. After 350 years as the dominant race, whites at the Ellis Park stadium found they had to accept restrictions by blacks, in the form of the African National Congress (ANC), which had banned the official display of national symbols, such as flags and anthems, at the match.

Their response was defiance – they waved thousands of small flags, and twice spontaneously sang the national anthem, *die Stem*. It was also played officially, an act of defiance from a renegade rugby administrator.

The message from Ellis Park was clear – whites may have voted to abolish apartheid in this year's referendum, but they did not vote for black rule. Ellis Park became just one more battlefield in the contest for power in the new South Africa – a chilling expression of ethnicity which both sides ignore at their peril.

That contest, which has led to the breakdown of constitutional talks over the issue of black majority rule versus multi-racial power sharing, sparked a two-day general strike earlier this month and widespread labour disruption. It has left 7,000 dead in black townships since 1990, and has also taken a heavy toll on the country's morale.

Immigration lawyers from Australia have found it fruitful to visit

Johannesburg again, as white confidence plumbs new depths and professionals plan their escape from a troubled multi-racial future. "Planning to emigrate?" asks the cheerful voice of the local radio announcer, ready with advice on international removals companies.

Business, too, is fed up with political failure at the highest levels, and is casting around for its own separate peace with the unions to permit economic life to go on. Indeed, this month's general strike was nearly averted by a deal between the employers' body, Saccola, and the largest union federation, Cosatu. It involved agreement on a one-day work stoppage and on issues such as training and job creation. The accord failed in the end, but could be revived in future.

Businessmen acknowledge such a deal would be largely a stop-gap measure. Business and the unions, on their own, cannot bring growth to an economy more troubled than at any time in recent memory. Real per capita GDP is expected to have shrunk by 9 per cent between 1990 and 1992, according to the *Old Mutual, one of the country's leading* insurers. Nothing short of a political deal can attract the investment needed for significant economic expansion.

Such a deal – either involving agreement on a multi-racial interim government to restore order or a more comprehensive constitutional settlement yielding multi-party democracy - has so far proved elusive. Yesterday's news of a meeting between government and ANC officials is at best only a step to the resumption of talks.

Both Mr FW de Klerk, the president, and Mr Nelson Mandela, his ANC counterpart, have repeatedly failed to rise above partisan political concerns in the interest of a broader national agenda. Indeed, Mr de Klerk seems to believe that strengthening his National Party serves the national interest by ensuring a powerful opposition to black majority rule. He also continues to prove unable or unwilling to take sufficiently strong action against his security forces.

Both men should take note. Most blacks are fed up with the violence and poverty which for black South Africans are the most salient facts of life after apartheid. They are unlikely to support the open-ended campaign of mass action favoured by ANC radicals. Whites, meanwhile, are at best despondent, at worst angry. South Africa needs a deal soon to restore at least a measure of stability.

The country's leaders may find that, if they miss this opportunity for peace, another may not open up for some time.

Major's deskful of difficulties

Philip Stephens says problems are piling up in the in-tray

Not so long ago it was a truism that government popularity rose in August. The royal family replaced ministers of the crown as the favourite targets of the tabloids.

The latest furore surrounding the Duchess of York confirms that some things have not changed. But Mr John Major is learning the hard way that politics and the foreign exchange markets are no longer respectful of the holiday calendar.

When he returns from Spain tomorrow he will find that none of the problems he left behind has gone away; and that several more have been added to a crowded prime ministerial in-tray.

The Labour party, under the leadership of Mr John Smith, is promising to emerge from its post-election shock to take full advantage of Mr Major's discomfort.

In recent years August has become a month for international crises. In 1991 it was the abortive coup in the former Soviet Union; the year before, Iraq invaded Kuwait. Now, it is the war in Bosnia and the threat of renewed hostilities with Iraq.

The latest conflicts forced Mr Major to interrupt his break this week to announce that RAF warplanes would be sent to protect Shia communities in southern Iraq, and ground troops would escort UN aid convoys in Bosnia. Both decisions raised as many dilemmas as they promised to solve.

At home, two years of economic recession have ensured that the voters are no longer indifferent to the holiday plans of their political masters.

With house prices still crumbling and the dole queues lengthening, many cannot afford to pay for the foreign holidays they took for granted in the late 1980s boom years.

A renewed battering for sterling in the wake of the dollar's slide provided an awkwark reminder that things may get worse before they get better.

So if Mr Major flicks through the past two weeks' newspapers, he will find plenty of unwelcome headlines about the government's performance. Many have been unfair. Unless one takes the view that politicians should never take holidays, it is hard to substantiate claims that his government has lost its sense of direction.

Criticisms of Britain's EC presidency after just seven weeks are premature. Mr Major could hardly have been expected to persuade the French to bring forward their referendum on Maastricht treaty or to have convinced the 12 that there was a neat and easy solution to the disintegration of the former Yugoslavia.

But for a prime minister who only four months ago was celebrating a general election victory, it has been an unusually difficult August. The storm clouds over Bosnia and the Gulf have coincided with a darkening domestic scene.

Announcements this week of the eighth consecutive quarterly fall in national income, of another drop in retail sales, and of short-time working at Ford motor plants, were only the latest in a series of gloomy economic indicators.

The volume of public criticism from Tory MPs has been turned down but their private unease has not dissipated. Critical motions on the agenda for the Brighton party conference in October confirm the disquiet of constituency activists.

Growing uncertainty over the outcome of the French referendum has bolstered the confidence of the Tory Euro-sceptics. As the pound sinks to new lows against the D-mark, they have linked the pain of the recession with the prime minister's pro-European stance, including commitment to the exchange rate mechanism.

The Euro-sceptics now hope that a "no" vote in France on September 20 will both wreck the treaties on European union and tear apart the ERM. The best guess in Whitehall remains that the French are more likely to vote Yes. But few will stake money on it.

Then there is the council tax. Many of the recent warnings that falling house prices will result in unfairly high bills have owed more to political mischief-making than to cool analysis. The average tax bill will be determined by the level of council spending and the number of households rather than by movements in property values.

But it is true that the burden of the tax will fall disproportionately on the south-east: the area worst-hit by the recession and by a debt trap that has left a million households with mortgages higher than the value of their properties. So a widespread perception that the tax will be inherently unfair could take hold.

The Treasury will be told to provide a substantial financial cushion to ease in the new tax. But that in turn will make even harder the task of the cabinet committee charged with overall control of public spending.

The new arrangements will inject a degree of political logic into the annual share-out of resources. But when the committee meets for the first time next month it will be unable to avoid harsh decisions on where the axe must fall.

Mr Major is aware that more must be done to give definition to his economic strategy. Too many people, Tories among them, have been left with the impression that his programme for the next five years consists of holding the pound at DM2.95.

So a renewed effort to persuade people that the prize of permanently low inflation is worth the pain can be expected. Ministers will seek to persuade voters and their own supporters that price stability will provide the backdrop for the tax cuts and higher-quality public services promised during the election.

It will not be easy. Downing Street expects the pressure on sterling to intensify as the French referendum approaches. Mr Norman Lamont, the chancellor, will do all he can to avoid an interest rate rise, but if the opinion polls point to a "no" vote in France that may be impossible.

One of the prime minister's first tasks will be to sift through the options for an emergency package of measures to accelerate recovery if the unease in the Tory party over the economy and Europe threatens to turn into rebellion.

Establishing a grip on the EC presidency will be impossible until France makes up its mind. Uncertainty leaves the sceptics with the initiative.

Alongside that lies the risks of military involvement in the Balkans and the Gulf. Mr Major's sombre demeanour after his reluctant decision to send ground troops to Bosnia underlined concern that British troops may become entangled in the bloody conflict.

Few expect the Yugoslav peace conference, which Mr Major will co-chair in London next week, to halt the fighting. The public opinion which demanded action could quickly change if British soldiers begin to join the list of casualties.

It all adds up to a formidable array of political challenges. There are those who detect silver linings in many of the clouds.

The economy is showing signs at least of stirring. The inflation rate is tumbling. The French could yet vote "yes", easing pressure on the ERM and paving the way for a small cut in interest rates and the beginning of more visible recovery. The Euro-sceptics could then be isolated.

And the prime minister is a much tougher and resourceful politician than he is given credit for. But for now Mr Major is returning to an in-tray overflowing with distinctly uncomfortable uncertainties.

Alice Rawsthorn on the passing of a French institution

Au revoir les cafés

Every day at 6am, Mrs Nicole Barradis drags open the doors of Le Ventadour, the café that she owns off the bustling Boulevard de l'Opéra in Paris. She cleans the café, issues instructions to her staff, then sits on a stool until 8pm selling cigarettes and stamps from the tabac kiosk.

"My routine has been the same for 15 years," she says. "In all that time I've only ever had two weeks of holiday. I come to the café even when I'm ill. I daren't think what would happen to it without me."

Almost every street in Paris has its *café au coin*, ruled with a rod of iron by a *patronne* such as Mrs Barradis, wearing a black cardigan, whatever the weather, with gracious smiles for her regulars and frosty nods to strangers.

But France's cafés are dying. More than 5,000 disappear each year, according to official figures. There were 510,000 cafés in France during their heyday in 1910. By 1960 there were 200,000 and by 1990 just 70,000. The consensus is that there will be only 50,000 to 60,000 cafés left by the year 2000.

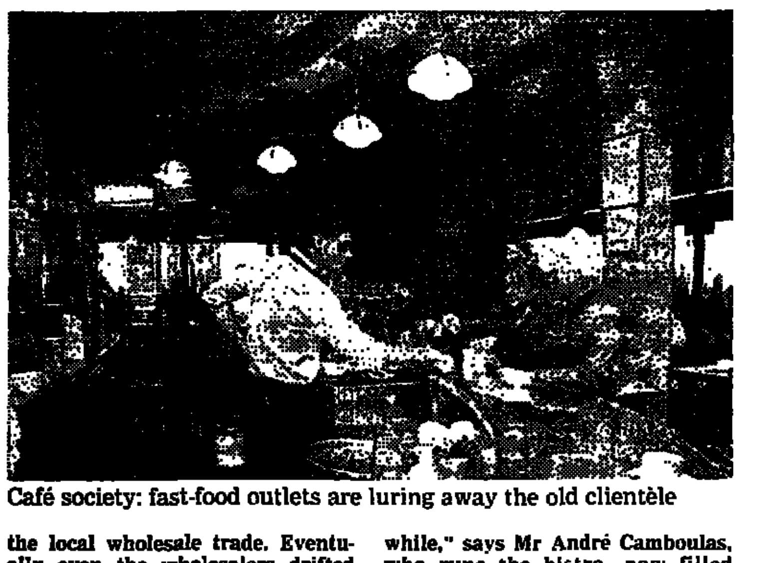
Small cafés have borne the brunt of the decline. France's smart restaurants are flourishing. Three weeks' advance booking is needed for those with three Michelin stars. The legendary literary cafés in Paris are packed with tourists. Aux Deux Magots on Boulevard Saint-Germain is so full of foreigners hoping someone will come along to play Simone de Beauvoir to their Jean-Paul Sartre that the locals flee to Café de Flore down the road. Brasserie Lipp across the street is so busy that it can afford to turn away tourists – too many and the locals might be offended.

Life is very different for the cafés aux coins, the neighbourhood bistros and the cafés-tabacs with their tobacco kiosks at the end of the bar. They are the gallic equivalent of Britain's pubs and the US neighbourhood bars. They belong to the bygone era when workers went back to the same zinc-topped bar night after night to knock back hearty *vin du pays* with Johnny Hallyday records crooning from the jukebox.

Mr Pierre Discazeaux ran a café-tabac on Rue Saint-Anne in central Paris for seven years. Three years ago he turned it into a tabac-presse, or newsagent. The cigar-shaped tabac sign still hangs outside, but the café fixtures have been taken away to make room for shelves of sweets, cigarettes, newspapers and magazines. "It's much better like this," he says. "I don't have to work so hard and I make more money. The café was always a struggle. There was no future in it."

The demise of the *café au coin* reflects broader changes in the French way of life. Many of the old cafés were in city centres, or close to factories on the fringes. They have gone out of business as the locals have moved to the suburbs and factories have closed or contracted.

Le Cochon à l'Oreille has been a bistro in the Les Halles area of Paris since 1913. Its original customers were the workers from the nearby fruit and vegetable market, who popped in for meals between shifts. After the market closed in 1969 it struggled along, drumming up custom from the remnants of the local wholesale trade. Eventually even the wholesalers drifted away.



Café society: fast-food outlets are luring away the old clientèle

"Things were really tough for a while," says Mr André Camboulas, who runs the bistro, now filled with designers and stylists from the fashion companies that have sprung up around Les Halles. "The neighbourhood has changed and we changed with it. Life hasn't been easy but we've survived."

Others have been less fortunate. The biggest single blow to an old-fashioned French café is the news that a fast-food outlet is opening in its area. McDonald's, Burger Kings, sandwich bars and croissanteries now offer an efficient alternative to the traditional snack at a local bistro.

One of the factors that persuaded Mr Discazeaux to close his café was the growth of the deliver-to-the-door sushi bars along Rue Saint-Anne, now the main Japanese eating area in Paris. Le Cochon à l'Oreille faces stiff competition from the nearby branch of Lina's, a chain of de luxe sandwich shops. An analysis by the French restaurateurs' association showed that a typical café loses 30 per cent of its business if a McDonald's opens in its area.

Sushi and Big Macs are only part of the problem. The traditional French café is a victim of modernity. Almost all the changes in postwar lifestyles have contributed to its decline. Television tempts people to spend more time at home. Fax machines mean they need fewer stamps from the tabac. Microwave ovens make it easier to whip up quick snacks rather than to nip into a bistro. Espresso coffee makers mean office workers no longer need to go to a zinc *comptoir* for their capuccino.

The *café au coin* is out of tune with the times. The customers are mainly male blue-collar workers in their 50s or 60s. It is unusual to see anyone under 30 in a traditional café-tabac unless they are with older workmates. Young Parisians go to sombre bars in Pigalle and Bastille, where they play chess and read poetry. Shéhérazade, one of the hottest clubs in the city, opened earlier this year with a neo-Surrealist arts event.

Mrs Christianne Taupin took over Café du Perron, a café-tabac on Rue des Saints-Pères, four years ago. She manages to stay in business thanks to a loyal band of regulars who work nearby, but there are few newcomers. "I'd be finished without my regulars," she says. "Young people just don't go to cafés any more. I can't even get them to work here. The hours are too long and the pay is too low. Cafés are closing all the time."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

When house prices come home

From Mr John Williams.

Sir, I am delighted that Lex (August 18) has reflected that 90 per cent of UK house owners are not burdened by "negative equity" and that fear of unemployment is the most influential factor for potential house buyers.

But I should point out that I, as an intending first-time buyer, am uninterested in the prospects for house price rises. Instead, I am interested in when prices are likely to stop falling. The difference may seem academic in the world of economic forecasting. But in buying a house in which to live (not to "do up and sell"), as long as I do not pay more than necessary, I do not care if house prices never rise again.

I don't think I am alone in this view. Inflation in house prices is as bad a curse as any other kind of inflation.

John Williams,
18 Valley View,
Jesmond,
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NE2 2JS

Regulating party profit

From Mr G Griffiths.

Sir, If the government is to tighten the law governing trade unions' political funds – requiring a union to get written authority from each member before using any portion of his contribution for political purposes – perhaps it should simultaneously amend company law.

Individual shareholders cannot stop directors giving part of their profits to a political party and, unlike union members, they cannot opt out.

A shareholder should have a right similar to a union member, namely to allow only a portion of a company's profits to be given for political purposes. A company's political contribution should be deducted, in proportion to the shares held, only from the dividends of those shareholders who expressly wish it.

G Griffiths,
Flat 2, Eversleigh,
48 West Cliff Road,
Bournemouth, Dorset BH4 8BB

A misplaced furore over the methods of creative accounting

From Mr Jon Prentice.

Sir, The furore over Terry Smith's book is greatly overdone. His is not the first on its subject: there was, for example, Ian Griffiths' Creative Accounting in 1986. Much of the material can be found in monthly management journals.

The accounting practices are not necessarily devious either. Why should interest not be included, with the other costs of building an asset, in its value on the balance sheet? If a factory, of little value to anyone else and really only a passport to future earnings, appears on the balance sheet, why can't a brand, which combines both virtues? And why draw attention to a contingent liability like a claim for negligence or under warranty, when to do so would lend credence to an otherwise fragile lawsuit?

There is, in any case, much unresolved confusion, even among specialists, about balance sheets. Some regard them as accurate summations of all past transactions; others, preferring relevance, as statements of current value.

The problem exists because we have a stock market which expects something (smoothly increasing profits), and corporate legislation which prevents it. Reports are required at arbitrary intervals (12 months) bearing little relation to a company's natural trading cycle.

We should not, therefore, blame companies which use creative accounting to transform an "annual" series of fluctuating results (such as $4m profit, £1m loss, £15m profit, £3m loss) into a reported series of smoothly increasing profits (£1m, £2m, £4m, £8m). The latter can reflect the true underlying value of a company.

Given this scope for legitimate manipulation (although new rules will soon reduce it), what does matter is the use, without sufficient thought, of growth in earnings-per-share for director bonuses. Having advised many boards on performance and remuneration, I urge caution here. Research I did in 1987 showed that earnings per share growth does not correlate strongly with share performance.

Jon Prentice,
independent consultant,
16 Pashley Road, Eastbourne,
East Sussex, BN20 8DU

Reducing PSBR would spur private rented sector

From Mr Richard McManus.

Sir, Prof Gavin McCrone probably over-estimates the need for tax concessions to revitalise the private residential rented sector (August 17).

A comparison between net rental yields at around 6 per cent and gilt yields at 9.5 per cent suggests investment in residential rental property is a poor option. Yet long-term rental payments and property values are inflation linked.

A London flat with a current open market value of £75,000 could be let to produce a net rental yield of around £4,500 a year. With modest inflation and if interest rates fall, the value of the flat increases. If the rental income stream and the open market value of the flat increase by 3 per cent a year over 25 years, the net present value would be about £112,000, with a discount rate of only 6 per cent.

This compares favourably with a £108,000 net present value of £75,000 of gilts yielding 9.5 per cent over 25 years with the same discount rate.

It is only if the government eliminates inflation that gilts are a far better bet, and fully funding the PSBR "crowds out" necessary institutional investment in residential rental property. But reducing government borrowing must be better than compensating tax concessions.

Richard McManus,
44 Upham Park Road,
London W4

Press is judged by own standards

From Mr Mark Bolland.

Sir, In your Leader yesterday ("Privacy and the press") you perpetuate an inaccuracy often heard in discussions on this issue.

You write that "the Press Complaints Commission has attempted to set its guidelines in terms of the public interest". But, to the contrary, the newspaper industry's code of practice, which the commission upholds, was framed by editors.

It is fundamental to the new self-regulatory system that the commission interprets and enforces the guidelines set by editors themselves.

Mark Bolland,
director,
Press Complaints Commission,
1 Salisbury Square,
London EC4Y 8AE

Puncturing Thatcherite myths

From Mr Derek H Broome.

Sir, Well done to Samuel Brittan ("The benefits of lower housing prices", August 20) for puncturing the Thatcherite myths about home ownership.

The real value of an asset is the income it could earn, and few houses could fetch 10 per cent gross annual rentals on current valuations. In a rational market, older property would stand at a substantial discount to newer property, since much of it is sub-standard on current building regulations and should be redeveloped; overpricing of tarted-up hovels depresses the market for new building. Site values, as he says, ought to bear a rational relationship to the price of agricultural land – not a multiple of up to 1,500.

By these criteria, property prices still have a way to fall, to the benefit of housing standards, the building industry, and new buyers and renters. Samuel Brittan rightly urges special and selective assistance for those conned by the lenders and others in the selling industry and now stranded with substantial debts against equity.

Derek H Broome,
Potters' End, Mears Ashby,
Northampton NN6 0DZ

Franchise by appointment

From Ms Sally Beynon.

Sir, Your coverage of such recent financial scandals as Maxwell, BCCI and Blue Arrow has been laudable. However, I do feel your usual high standards of investigation and analysis have slipped.

In your editions late this week I could discover no coverage relating to a leading Texan financier, Mr John Bryan: no pictures, bar charts, nor even an eight-page survey, "Franchising the Royal Family".

The Financial Times must surely have an opinion: are his activities within the Financial Services Act (1986) or not?

Sally Beynon,
7 Coton Road,
Grantchester,
Cambridge

Toehold

From Mr Eric Coutts.

Sir, Could it be yet another indicator of the current recession that financial advisers now feel compelled to kiss their clients' feet?

Eric Coutts,
Flat 2,
101 Lee Road, London SE3

Blunderland before breakfast

From Mr Joseph Chubb.

Sir, Oh dear.

If one had to believe one impossible thing before breakfast, it would be that a Leader in your newspaper would have three misstatements in the first four lines.

Yet, sadly, it is not impossible, as your Leader ("Banking on the impossible", August 18) indicates.

It was the White Queen, not the Red Queen. She did not make it a rule to believe, but rather in her youth believed, not six, but as many as six, impossible things before breakfast.

Oh dear.

Joseph Chubb
110 Riverside Drive,
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NY 10024,
US

COMPANY NEWS: UK

Banks extend Ratners borrowing facilities

By Maggie Urry

RATNERS GROUP has won a breathing space from its banks which have agreed to extend the jewellery retailer's borrowing facilities until June next year. In return the banks have imposed more stringent covenants and higher interest rates. Mr James McAdam, executive chairman, said the new banking terms were "not unreasonable".

The agreement with the banks will allow Ratners to meet the £58.5m redemption of its convertible bonds in October, so long as the payment does not breach the covenants or require new funds from the banks. The banks and bondholders have been given security over some of the group's assets.

Ratners shares fell ½p to 11½p yesterday.

The group has agreed a business plan with its banks which, if adhered to, is expected to allow the company to repay the bonds and eventually return to profitability. Mr Gary O'Brien, finance director, said "it is critical that we perform to the plan."

The plan involves 180 store closures in the UK and 150 in the US, over the next three years. Gross margins will be pushed up, and the chains will pursue a more tightly focused marketing strategy. Cost savings, totalling around £50m a year, are being made and working capital is being cut sharply to release cash.

Ratners also announced much delayed results for the year to February 1, with losses before tax of £122.3m (profits £112.1m) in line with expectations. It said trading conditions worsened sharply in the second half of last year, with sales substantially below expectations in the crucial Christmas trading period. Sales have fallen again in the first half of the current year.

Group sales rose marginally to £1.13bn (£1.11bn) because of the inclusion for a full year of Kay, the US chain bought late in 1990. Apart from Kay and Salisburys, the UK chain selling handbags and luggage where sales rose 3 per cent on a comparable basis, all Ratners chains suffered sales falls.

Sales in the Ratners chain itself fell 24 per cent in the year on a comparable store basis, the decline worsening after the now infamous "crap" remark made by Mr Gerald Ratner, chief executive, about one of the group's products in a speech in April last year.

Operating profits dropped from £134m to £1.4m. The fall was largely accounted for by lower gross margins as prices were cut in an attempt to regain sales, particularly in the pre-Christmas period. This was estimated to cost £35.9m. At the same time operating costs rose sharply, costing an extra £113m.

Exceptional costs amounted to £98m (£2m) as the group predicted in May when it finalised its business plan. These costs cover stores closures, asset and stock write-downs, bad debts and reorganisation. After tax of £3.62m (£36.4m) and dividends, largely payments on the group's preference shares which are now being rolled up, of £22.7m (£44.4m), there was a retained loss of £149m (profit £24.5m).

After paying an interim dividend of 2.4p (same) there is no final dividend.

At the year end total debt was £480m (£362m) offset by cash of £257m (172m). Shareholders funds were £303m (£396m). Working capital was £296m (£360m).

See Lex

Kalon loses battle for control of Manders

By Peter Pearse

KALON's hostile £86m bid for rival Manders (Holdings) has failed. The paint maker lapsed its offers after it had only received acceptances in respect of 7.82m Manders ordinary shares, or 21.2 per cent of its target, by 1pm yesterday when the bid closed.

Mr Roy Amos, Manders chairman, said that he was very pleased, "especially about the 500 jobs" which would have been lost had the bid succeeded.

He added that the "80 per cent support was a pat on the back for the management from shareholders" and repeated that "the bid didn't properly value Manders, a firm, well-spread business".

He compared his paint, ink and property group favourably with Kalon, "which has a lot of eggs in one big basket".

For his part, Mr Mike Hennessy, Kalon group managing director, said he was "puzzled about what judgments people make on group performance and management records". He suggested: "Kalon's success has caused some suspicion, and if we had had, say, only 20 per cent annual improvements, we would be thought a fine company."

He conceded that the climate was "not good for hostile bids or mergers – agreed bids are the only acceptable route".

The beginning of the end of the bid came last weekend, he said, when British Steel Pension Fund, which holds 22 per cent of Manders' equity, announced it would be rejecting the offer. Other shareholders then abstained, feeling it was a lost cause, he said.

Kalon's bid valued Manders shares at 232p, or 241p with the partial cash alternative. Last night Manders shares eased 2p to 186p and Kalon's gained ½p to 82½p.

Future based on a Maxmin maxim

John Thornhill on plans to revive Laura Ashley's flagging fortunes

WHATEVER ANYONE else might think, Jim Maxmin is quite clear that the Laura Ashley group is not a retailer.

In spite of running 547 shops in 26 countries, the chief executive of the fabrics and furnishings group believes that Laura Ashley is a brand, not a retail concept.

Its salvation lies in marketing the unique allure of Laura Ashley, whether by posting the name above its retail outlets or licensing it on an ever-expanding range of products – stretching from bed linen to perfumes.

By doing so, Mr Maxmin believes Laura Ashley can revive its fortunes by carving out a lucrative and defensible market niche. Rivals may be able to match the company's products and run their operations more efficiently. But the Laura Ashley lifestyle concept gives the company a distinctive and intangible edge. "If it costs money you can replicate it," runs one of Maxmin's maxims.

Trevor Humphries

Jim Maxmin: "I'm not into raping or pillaging."

Similar tricks have already been learned and patchily applied by other international "retailers" such as Benetton, which has built up a vast network of licensed stores throughout the world by concentrating on promoting brand image and product. It makes its money by taking a margin on supplying its products to its licensees.

But Mr Maxmin's sweeping strategic visions contrast sharply with the nuts-and-bolts phrases about gearing and cost cutting that pour from the mouths of the accountants who now run the UK's other struggling retail chains.

The differences are most visible in the companies' annual reports. While Next may have produced a basic stark black-and-white effort completely devoid of colour, Laura Ashley's latest offering was wrapped in a lyrical photograph of rolling English hills. "Our mission is to establish an enduring relationship with those who share a love of the special lifestyle that is Laura Ashley. We will act so as to protect the integrity of that relationship and to ensure its long term prosperity," it ran.

Such lofty concepts are hardly likely to appeal to hard-bitten institutional fund managers, who have seen the company collapse from peak profits of £23.1m in 1988 to post-exceptional losses of £9.1m last year on sales of £260.7m.

But many analysts, at least, have been won round to Maxmin's unconventional way of thinking in the year that he has been in the job and believe that – in the long term – Laura Ashley is indeed capable of generating very attractive returns.

"I think they can improve their performance very considerably even without a bounce in the economy," says Paul Deacon, retail analyst at Goldman Sachs, the US stockbrokers. "The business has been run so badly that there are an awful lot of internal changes they can make to lift the gross margin. Run properly, it should be a very high value-added business. You do not have to look out too far to see them achieving sales of £500m with profits around £50m – although that may be stretching the imagination a little at the moment."

There are two distinct means by which Laura Ashley can achieve this turnaround. The first is to do better what it already does. The second is to expand where it does it.

Since joining Laura Ashley a year ago, Mr Maxmin has made much progress in implementing his SFA programme aimed at *Simplifying* the company's structure, *Focusing* on its strengths and *Acting* to improve its profitability.

Mr Maxmin argues that the company does not have the skills or the necessary financial strength to be at the leading edge of manufacturing, distribution technology or information systems and should therefore simplify its business by sub-contracting these functions to outside experts.

In March, Laura Ashley agreed an innovative 10-year £150m deal with Federal Express effectively handing over responsibility for its distribution arrangements to the US logistics group. The degree of mutual trust is startlingly high: a Federal Express director now regularly attends Laura Ashley board meetings.

The Federal Express deal will lead to substantial cost savings. "Ultimately Fedex will be able to direct products straight from our supplier in Hong Kong to our shops in Frankfurt or Vienna rather than going through the UK," Mr Maxmin says.

Laura Ashley clearly has much to aim for in improving its core UK operations, which account for 38 per cent of sales, but it also has much to gain from expanding abroad. "Our major strategic priority will be to diversify away from the UK and build up our profits base overseas. We want a minimum of 120 shops in Europe within a four to five year time horizon. We have 60 shops at the moment," Mr Maxmin says.

Mr Alphons Schouten, who runs the company's mainland European businesses, says that to be successful abroad most retailers have found it necessary to position themselves further upmarket than in their own backyard.

The company's pricing policy, which varies by as much as 20 per cent across its European markets, reflects the need to position itself differently in each market. "We do not want our retail price to reflect our cost price. It should never be a mathematical exercise. You have to come at it from a consumer's perspective. We cannot be out of sync with our competitors," he says.

Operating in Europe also requires great operational flexibility. The range of the products varies depending on the characteristics of each national marketplace. "Our two big markets are Germany and France. Germany has primarily been garments and France has been home furnishings," he says.

In northern Europe most people have their bedrooms painted blue. In the south it is pink. "A German sleeps on a pillow 80cm by 80cm. A Dutchman sleeps on a pillow 60cm by 40cm. A Belgian will have 60cm square. What pillow cases should we stock in Maastricht?" asks Mr Schouten.

It takes much time – and considerable management skill – to adapt to different markets and Laura Ashley is now placing the emphasis on gradual learning rather than rapid growth. But Mr Maxmin argues that it is better to build up a stronger, more profitable business over the long term than attempt to move too quickly and destroy the brand.

"To be whimsical for a moment, we are dealing with part of England's national heritage and I am not into raping or pillaging," he says.

Waterford Wedgwood seeks 500 job cuts at crystal plant

by Tim Coone in Waterford

WATERFORD Wedgwood, the luxury ceramics and crystal manufacturer, is to lay off a quarter of the 1,900 workforce at its troubled Waterford plant in southern Ireland in what is likely to be a make-or-break effort to return the division to profitability.

Mr Paddy Galvin, Waterford Crystal's chairman and chief executive, said the company was seeking 500 voluntary redundancies by the end of the year, after which a compulsory redundancy scheme would be implemented.

The company was also seeking across-the-board wage and piece-rate reductions for those remaining, a pay freeze until February 1994 and an industrial peace agreement for an initial period of five years.

Mr Jimmy Kelly, one of the union leaders at the plant, said yesterday that the workforce was deeply dismayed by the decision and added that industrial action "could not be ruled out". He said it could be several weeks before all the options had been discussed and a decision taken.

However, Mr Galvin warned that strike action "would create a most awful situation for us . . . we would not come out the other end. We will not survive a strike". The crystal division of the company has not made a profit since 1986 and in the intervening five years has lost some I£66m (£62.5m).

When rationalisation was attempted in 1990, a crippling 14-week strike costing I£10m ensued. Since then some 400 workers have left via voluntary redundancy and short-time working was introduced in an effort to further reduce overheads.

Currently, most of the skilled glass blowers and cutters are working only around seven days a month. In the year to December 31 1991 losses were trimmed to I£1.2m, but sales have continued to decline on the company's traditional product lines due to the ongoing recession.

The company has also said that it intends importing new lines of crystal to market under the Waterford brand name in a further effort to reduce costs.

This measure has further upset the unions who fear that even with the coming round of redundancies, the gradual move to overseas manufacture will eventually result in the closure of the Waterford plant anyway.

Redundancy terms are currently based on the number of years service with the company.

Waterford has spent approximately I£10m on redundancy pay since the 1990 strike, and is likely to face a similar bill on the next round of redundancies.

Administrators in at Moran Holdings

By Peter Pearse

Shares in Moran Holdings, the tea producer, freight forwarder and property developer, were suspended at 133p last night as the group was put into administration under the Insolvency Act. Mr Ian McIsaac and Mr Tony Houghton of Touche Ross are to be appointed as administrators.

Moran Tea Company, a 74 per cent controlled subsidiary listed on the Calcutta Stock Exchange, and the wholly-owned freight forwarding interests in the UK are trading profitably and are excluded from the administration which will cover the holding company. This has been made insolvent by the property side.

The group's main property arm, which is developing the Piccadilly Village development in Manchester, is "solvent though in need of shareholder support", according to Mr Colin Gordon-Smith, Moran chairman until three weeks ago and now a non-executive.

Volvo ends Lex Irish contract

By Tim Burt

VOLVO, the Swedish car manufacturer, is terminating its exclusive import agreement with Lex Service in the Irish Republic following similar moves towards direct distribution in the UK.

The company has decided to end its contract with Lex four years early after launching a European marketing section in Brussels.

Plans for direct distribution in Ireland by the Swedish group follow trends elsewhere in Europe set by manufacturers such as Nissan and Toyota in acquiring control of import-distribution operations held by independent franchises.

Volvo will take over Lex's existing outlets and its staff will be employed by a new dealership subsidiary – Volvo Car Ireland.

The deal should be completed next month if approved by European Community merger officials.

Irish sales, however, represent only a fraction of Volvo's market in the British Isles.

Of the new cars sold in Ireland last year, 1,351 were Volvos – 2.15 per cent of the market – compared with more than 47,000 units sold on the mainland.

Mr Mark Young, assistant company secretary at Lex, said the company now hoped to import other makes of car and concentrate on private and commercial leasing.

Yesterday's agreement will contribute to the £70m which Lex expects to raise this year through the sale of operations such as its European electronics components business.

Lex's share price closed up 7p at 212p.

Mystery group buys 10% of Simpsons

By Tim Burt

SIMPSONS of Cornhill, owner of the famous City chop house, yesterday began urgent moves to discover the identity of a mystery buyer who has acquired an unpalatable 10 per cent stake in the group.

Directors of the Nottingham-based company, which owns two of the City's favourite watering-holes – Simpsons and the Jamaica Inn – fear the stake may be used by disgruntled shareholders to force through a resolution calling for board changes at an extraordinary general meeting scheduled for next Thursday.

The stake has been acquired by Mountjoy, an offshore company registered in the Turk and Caicos Islands. Keen to identify who lies behind Mountjoy, the company has begun a 212 enquiry to force Mountjoy to name the beneficiaries of its 10.135 per cent shareholding.

If the stake is controlled by the group of dissident shareholders led by Mr Robert Klapp, former chairman of Select Appointments, it could raise pressure on the board to accept a shake-up in the control of the company.

The dissidents are already thought to hold more than 35 per cent of the shares and a further 10 per cent stake would improve their chances of electing two new directors including Mr Klapp.

Their stakes are thought to include a 20 per cent shareholding currently owned by Mr David Rowland, the entrepreneur. Mr Klapp has agreed to buy his shares and expects to complete the deal on Monday.

Mr Klapp's group claims the board is out of touch with the tough trading conditions in London, where this year the restaurant business has been as flat as a Simpsons beer mat.

It also maintains the board has embarked on a costly expansion plan which has seen it acquire the upmarket Dell'Ugo restaurant in Soho and the Palio Restaurant in west London.

The company's £2m flotation on the USM last August provided the funds to buy Simpsons and the Jamaica Inn. The company, however, is healthier than some of its clients, according to Mr John Glover, Simpsons business development director.

"In the 20 weeks to December last year we had a turnover of £500,000," he said. "We are doing well and we're always looking for investment opportunities."

Dismissing the chances of the dissident resolution being accepted, he added: They "have nothing to offer."

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 22.08.92 Pool purchase price £/MWh	Final Prices for Trading on 23.07.92 Pool purchase price £/MWh	Pool selling price £/MWh
0030	19.97	19.91	21.48
0100	19.60	19.91	21.48
0130	19.60	19.91	21.48
0200	19.60	19.91	21.48
0230	19.60	19.91	21.49
0300	19.60	19.91	21.53
0330	19.60	17.64	17.64
0400	17.58	17.49	17.49
0430	17.58	17.49	17.49
0500	17.58	17.49	17.49
0530	19.27	19.23	20.83
0600	19.27	19.23	20.86
0630	19.27	19.23	20.90
0700	19.27	19.23	20.96
0730	19.88	19.92	21.60
0800	19.97	20.19	21.83
0830	22.89	24.12	25.92
0900	22.18	24.39	26.19
0930	23.88	25.26	27.07
1000	24.58	30.24	32.26
1030	24.38	30.24	32.19
1100	24.38	25.25	26.96
1130	24.38	25.25	26.96
1200	24.98	25.25	26.97
1230	24.38	25.25	26.97
1300	23.88	25.25	26.99
1330	23.57	24.39	26.11
1400	22.18	23.03	24.71
1430	22.18	20.78	22.37
1500	20.82	20.78	22.37
1530	17.78	20.78	22.37
1600	17.78	20.78	22.37
1630	17.78	20.78	22.37
1700	22.18	24.32	26.02
1730	22.18	27.99	29.80
1800	22.18	27.99	29.81
1830	22.18	27.99	29.83
1900	21.10	24.32	26.04
1930	21.10	24.32	26.05
2000	21.10	22.75	24.43
2030	21.23	20.19	21.76
2100	23.08	20.19	21.78
2130	22.18	20.19	21.78
2200	26.66	27.99	29.84
2230	21.23	27.99	29.84
2300	21.10	27.88	29.88
2330	20.09	20.19	21.77
2400	19.97	19.93	21.60

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg [illegible]. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the Pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone [illegible] between 8.30am and 5pm Monday to Friday.

NGC Settlements Limited 1992

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	99	92	Birkby	92		15.25	-	7.6	-
100	F.P.	-	101	101	Broadgate Inv Trust	101		-	-	-	-
-	F.P.	-	8	7	Dartmoor Warrants	8	+1	-	-	-	-
-	F.P.	-	32	19	Dwyer A	19		-	-	-	-
500	F.P.	-	495	468	European Smlr Co's Uts	470		-	-	-	-
-	F.P.	-	150	145	Finsbury Smlr Co's Zero Pf	147		-	-	-	-
§	F.P.	-	351	236	HSBC 75p	316	-4	W13.0	1.3	5.5	22.1
100	F.P.	-	103	100	Kl'wort Endowment Policy	100		-	-	-	-
136	F.P.	-	153	143	Quality Care Homes	151		R4.0	2.3	3.5	13.4
‡	F.P.	-	1700	1700	TR Technology Units	1700		30.15	-	2.4	-
140	F.P.	-	164	145	Taunton Cider 10p	164		W4.75	1.9	3.9	17.7
325	F.P.	-	298	274	Telegraph	290		N10.0	2.2	4.6	11.5
-	F.P.	-	14	14	Throg 1000 Smlr Co's Wts	14		-	-	-	-
-	F.P.	-	16	12½	Yorkshire TV Warrants	16		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P	-	110p	106¼p	Fulcrum Inv Tst Zero Div Pf	107p	-½

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
9	Nil	24/9	½pm	½pm	Beckenham	½pm	
6	Nil	25/9	½pm	¼pm	Cavendale	½pm	
20	Nil	28/8	4pm	¼pm	Channel 5p	¼pm	
61	Nil	30/9	5pm	1pm	Cray Electronics	1¼pm	
31½	Nil	8/9	3pm	1¼pm	Worthington	1¼pm	-¼

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". ‡ Introduction. § Placing price. †† Reintroduction. ✣ Unlisted securities market. ✣ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ‡ Units comprising 4 Ords. and 7 Zero Div. Prefs. and 4 Stepped Pref. shares.

TRADITIONAL OPTIONS

- First Dealings Aug. 17
- Last Dealings Aug. 28
- Last Declarations Nov. 12
- For settlement Nov. 23

3-month call rate indications are shown on page 9.

Call in Tarmac. Doubles (Puts and calls) in Forte, Premier Cons., Racal Elects., Spring Ram and Tarmac.

NEWS DIGEST

Northamber loss deepens to £2.75m

NORTHAMBER, the specialist computer and electronic transmission products supplier, announced increased pre-tax losses of £2.75m for the year to April 30 compared with £1.56m.

Although turnover was just ahead to £93.1m (£90.1m) there was an operating loss of £2.28m (£1.07m). Mr David Phillips, the chairman, said the loss was after taking the stock and debtor provisions necessitated by the oversupplied and difficult market conditions.

He said the group had again ended the year debt-free, with £1.3m net cash.

Losses per share worked through at 11.6p (7.6p) and "with the pervading uncertainty and in order to conserve cash" the single final dividend is cut from 2.5p to 0.5p.

Receivers appointed at Plastiseal

Receivers have been appointed at Plastiseal, the Coventry-based manufacturer of windows and doors. The company's shares were suspended earlier this week pending clarification of its financial position.

The USM-quoted company incurred a pre-tax deficit of £780,000 in the year to end-January 1992 and has seen its margins deteriorate sharply in the past six months.

Some 150 jobs are at risk in Coventry and Cardigan, south Wales, until the receivers, Price Waterhouse, find a buyer for the company.

Assets rise at New Zealand Trust

Net asset value per ordinary share of the New Zealand Investment Trust stood at 107.9p at July 31. That was an improvement of 20.1p over the figure standing at the same period of the previous year.

For the nine months to July 31 net revenue fell to £155,207 (£255,737), equal to earnings of 1.6p (2.6p). The third interim dividend is a same-again 0.5p.

Buyer found for Burns-Anderson arm

The administrative receivers of Burns-Anderson Group yesterday announced the sale of Morson Projects to Mr Roy Johnson, its managing director.

Morson Projects is a subsidiary of the Burns-Anderson-owned Morson Group, and provides engineering and draughting services to the general engineering, nuclear and aerospace industries.

The consideration has not been disclosed, but Mr David Morgan, the Touche Ross insolvency partner who was appointed with Mr Nick Lyle as joint administrative receiver of Burns-Anderson last Friday, said the price reflected the quality of the business and its client base.

London Finance & Investment Group

Net asset value of London Finance & Investment Group was 19.77p a share at June 30, down from 31.17p a year earlier and 20.84p at the December 31 year end.

The share of losses from associates at the interim stage was £100,000, against £22,000 in the comparable period. This left pre-tax profits for the half year down from £290,000 to £120,000.

After tax and extraordinaries the attributable loss was reduced to £99,000 (£1.17m).

Earnings per share came through at 0.24p (0.47p).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Northamber	fin	0.5	Oct 1	2.5	0.5	2.5
NZ Inv Trust	int	0.5☆	Oct 30	0.5	-	2.6
Ratners	fin	nil	-	7.6	2.4	10

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ☆Third interim.

Sale Tilney agreement

Sale Tilney, which has food, industrial and financial services interests, has reached agreement with its Isle of Man-based insurance underwriting subsidiary, Monument Marine & General, on proposals for two schemes of arrangement involving Monument and its creditors, and Sale Tilney and certain Monument policyholders.

If the schemes become effective Sale Tilney's beneficial interest in Monument will be transferred to a trustee for the benefit of scheme creditors and any further group liability in respect of Monument's losses will be eliminated.

Dart in cash acquisition

Dart Group has acquired Bourne Aviation Supply, a specialist in the source and supply of modern aircraft parts and engine parts – particularly for the Airbus and Boeing ranges.

Total maximum consideration will be £950,000 cash with a further £850,000 payable dependent on profits over the next three years.

To achieve maximum earn-out Bourne must return aggregate pre-tax profits of £1.32m prior to July 31 1995. For the 12 months to end-March 1992 Bourne achieved pre-tax profits of £65,000. Net assets at the year-end amounted to £86,000.

Boscombe Property rises to £351,000

Profits before tax of Boscombe Property rose to £351,221 for the 12 months ended March 31, a 43 per cent improvement over the previous year's £245,450.

The results were helped by a rise in gross rental income from £703,980 to £813,768. Available profits emerged at £265,748 (£185,395), equal to earnings per share of 262.25p (181.9p). Dividends totalling 180p (130p) have already been paid.

Baillie Gifford Shin Nippon assets lower

Baillie Gifford Shin Nippon had a net asset value per share of 85.6p diluted at July 31, against 145.5p a year earlier and 124.4p at its January 31 1992 year end.

The net loss for the half year was £53,843 (£79,499). Losses per share came out at 0.34p (0.5p).

Fleming High net asset value down

Net asset value per share at Fleming High Income Investment Trust was 78.1p at July 31, down from 90.2p 12 months earlier and 88.7p at its April year end. Earnings for the three months to July were 1.49p (1.6p) and the first quarter dividend is held at 1.45p.

ECONOMIC DIARY

TODAY: Mr Mikhail Gorbachev, former Soviet president, visits Spain.

TOMORROW: Referendum on Togo's new multi-party constitution. British Association annual meeting at Southampton University (until Friday).

MONDAY: Central Statistical Office publishes figures for engineering sales at current and constant prices (June) and balance of payments current account and overseas trade figures (July). Middle East talks expected to resume in Washington. Western European Union (WEU) ad hoc group meets in Rome to consider report from military experts on how to provide armed escort for humanitarian supplies to Bosnia-Herzegovina. Mr Pierre Joxe, French defence minister, visits Rome for talks on the Yugoslav crisis.

TUESDAY: Interim statement from British Gas. Office of Health Economics compendium of health statistics published.

WEDNESDAY: Building Societies Association issues monthly figures for July. The Department of the Environment gives statistics for new construction orders (June-provisional). US durable goods (July). Three-day international conference on Yugoslavia in London called by Britain due to be opened by Mr John Major, prime minister, and attended by European Community, United Nations Security Council permanent members, Yugoslav factions and countries bordering the former Yugoslavia.

THURSDAY: The Department of Trade and Industry publishes figures for energy trends (June). New vehicle registrations in July from the Department of Transport. US jobless claims; real gross domestic product (preliminary); import/export prices.

FRIDAY: Confederation of British Industry trends enquiry (August). US personal income (July) and merchandise trade; balance of payments (second quarter).

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday August 21 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Aug 20 Index No.	Wed Aug 19 Index No.	Tue Aug 18 Index No.	Year ago (approx) Index No.	1992 High		1992 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (175)	716.98	-0.1	8.22	6.24	15.59	21.23	717.43	720.39	716.99	858.27	929.04	20/5	700.44	12/8	1038.07	16/7/87	50.71	13/12/74
2	Building Materials (25)	739.75	-1.0	7.35	7.49	18.46	26.43	747.22	755.34	755.24	1102.57	1121.52	11/5	713.03	11/8	1381.08	16/7/87	44.27	11/12/74
3	Contracting, Construction (27)	581.85	+0.7	6.02	10.26	36.16	25.20	577.96	579.97	584.81	1164.45	1069.64	11/5	555.74	10/8	1951.50	16/7/87	71.48	2/12/74
4	Electricals (9)	2157.72	-0.2	7.63	6.97	16.92	72.04	2162.67	2184.12	2114.52	2481.79	2758.50	22/5	2009.56	11/8	3040.80	8/9/89	84.71	25/6/62
5	Electronics (27)	1894.31	-0.4	8.48	4.55	14.71	45.74	1902.08	1896.92	1883.25	1757.31	2080.64	13/5	1655.93	13/1	2308.22	19/5/89	1229.01	8/10/85
6	Engineering-Aerospace (6)	305.94	+0.6	11.91	8.52	10.63	11.27	304.09	302.06	299.31	409.65	406.10	20/5	294.30	28/7	502.42	13/6/90	294.30	28/7/92
7	Engineering-General (43)	433.43	.....	9.47	5.56	13.42	12.47	433.46	434.00	433.17	478.81	567.62	20/5	423.00	10/8	567.62	20/5/92	339.57	23/1/91
8	Metals and Metal Forming (7)	272.31	+0.6	6.30	8.09	23.19	7.18	270.62	271.95	273.18	449.72	379.31	18/5	270.62	20/8	596.67	9/10/87	49.65	6/1/75
9	Motors (14)	303.75	-0.5	8.84	7.76	14.89	12.25	305.16	307.25	305.00	358.41	403.06	21/5	277.78	10/1	411.42	13/10/87	19.91	6/1/75
10	Other Industrial Materials (19)	1570.77	+0.4	7.89	5.27	15.27	38.28	1565.01	1574.72	1565.26	1646.64	1906.65	11/5	1495.50	2/1	1906.65	11/5/92	277.55	15/1/81
21	CONSUMER GROUP (191)	1500.35	+0.1	8.16	3.83	15.06	27.61	1498.46	1500.42	1496.01	1561.66	1761.38	11/5	1471.25	12/8	1761.38	11/5/92	61.41	13/12/74
22	Brewers and Distillers (25)	1922.63	-0.3	8.65	3.81	13.95	37.45	1929.36	1940.13	1924.94	1898.02	2278.85	11/5	1891.60	12/8	2278.85	11/5/92	69.47	13/12/74
25	Food Manufacturing (19)	1131.84	-0.1	9.53	4.67	12.97	26.01	1133.30	1130.96	1130.88	1219.08	1327.80	11/5	1130.88	18/8	1327.80	11/5/92	59.67	11/12/74
26	Food Retailing (18)	2644.02	.....	9.23	3.45	14.12	44.92	2645.28	2641.41	2665.88	2673.16	2998.16	18/5	2293.80	10/1	2998.16	18/5/92	54.25	11/12/74
27	Health and Household (24)	3818.73	+0.6	7.27	2.80	15.67	42.42	3797.42	3792.33	3768.09	3739.16	4654.94	14/1	3675.22	12/8	4654.94	14/1/92	175.38	28/5/80
29	Hotels and Leisure (18)	1005.42	+0.8	7.99	6.81	16.26	36.54	997.24	997.62	989.81	1360.51	1450.36	13/5	989.81	18/8	1845.77	8/9/89	54.83	9/1/75
30	Media (27)	1407.14	+0.6	7.19	3.75	17.32	29.47	1399.17	1410.31	1411.01	1491.95	1721.09	11/5	1387.63	12/8	1721.09	11/5/92	1166.91	16/1/91
31	Packaging, Paper & Printing (17)	713.66	-0.2	7.26	4.63	16.65	15.69	715.04	727.05	727.64	769.32	875.53	13/5	706.05	12/8	875.53	13/5/92	43.46	6/1/75
34	Stores (34)	946.33	-0.1	7.98	3.95	16.58	16.98	947.73	945.22	942.80	1023.84	1135.66	27/4	914.69	11/8	1160.58	29/7/87	52.63	6/1/75
35	Textiles (9)	574.61	+0.5	8.45	5.40	14.76	15.02	571.91	577.65	576.90	614.71	756.70	8/5	571.91	20/8	914.52	2/10/87	62.66	11/12/74
40	OTHER GROUPS (117)	1202.28	+0.5	10.29	5.65	12.13	35.65	1195.97	1196.51	1194.53	1283.58	1359.32	11/5	1140.56	3/4	1359.32	11/5/92	58.63	6/1/75
41	Business Services (17)	1224.79	+1.3	6.96	4.23	17.53	21.09	1209.49	1209.98	1222.36	1409.29	1511.16	11/5	1186.41	12/8	1511.16	11/5/92	892.28	1/2/91
42	Chemicals (22)	1305.83	+0.3	7.52	5.57	16.50	45.57	1301.60	1307.63	1307.81	1469.73	1629.99	8/5	1282.07	12/8	1629.99	8/5/92	71.20	1/12/74
43	Conglomerates (10)	1140.61	+0.3	10.03	9.64	12.78	24.98	1136.86	1142.58	1143.59	1519.91	1509.94	11/5	1136.86	20/8	1819.46	11/8/89	975.19	10/11/87
44	Transport (14)	2224.39	+0.2	8.98	5.30	13.68	55.92	2219.29	2223.86	2212.63	2317.60	2790.11	20/5	2160.26	12/8	2790.11	20/5/92	90.80	29/6/62
45	Electricity (16)	1338.31	+1.2	14.90	5.48	8.51	44.58	1321.81	1333.02	1318.59	1230.15	1371.71	7/7	1044.63	7/4	1371.71	7/7/92	994.96	7/1/91
46	Telephone Networks (4)	1403.59	+0.6	10.77	4.71	12.10	46.15	1395.26	1391.03	1393.31	1555.59	1505.86	22/5	1274.20	3/4	1658.67	2/10/91	517.92	30/11/84
47	Water (11)	2921.61	+2.4	15.33	5.92	7.22	86.85	2853.28	2828.52	2805.60	2379.66	2934.20	11/5	2140.95	8/4	2934.20	11/5/92	1820.20	1/5/90
48	Miscellaneous (23)	1907.64	-1.1	6.97	5.30	18.01	54.03	1929.46	1921.15	1918.75	1930.11	2167.85	11/5	1770.94	3/1	2167.85	11/5/92	60.39	6/1/75
49	INDUSTRIAL GROUP (483)	1209.30	+0.2	8.86	4.84	14.03	29.03	1206.60	1208.43	1205.01	1301.56	1427.97	11/5	1179.11	12/8	1427.97	11/5/92	59.01	13/12/74
51	Oil & Gas (17)	1827.64	+0.6	8.29	6.67	15.79	68.79	1816.58	1811.11	1795.52	2486.56	2226.66	2/1	1756.72	7/8	2528.70	3/8/90	87.23	29/5/62
59	500 SHARE INDEX (500)	1269.16	+0.3	8.80	5.02	14.19	32.22	1265.85	1267.20	1262.89	1402.75	1493.99	11/5	1236.90	12/8	1493.99	11/5/92	63.49	13/12/74
61	FINANCIAL GROUP (84)	660.18	.....	-	6.70	-	25.18	659.98	666.37	665.15	836.06	802.65	20/5	637.33	3/4	896.67	13/10/87	55.88	13/12/74
62	Banks (9)	890.26	+0.5	7.20	6.19	20.02	36.70	886.07	898.56	897.98	990.14	1026.34	20/5	790.95	3/4	1026.34	20/5/92	62.44	12/12/74
65	Insurance (Life) (6)	1391.83	+0.6	-	6.41	-	44.26	1383.77	1383.52	1370.85	1589.20	1613.38	21/5	1243.61	6/4	1632.53	4/9/91	44.88	2/1/75
66	Insurance (Composite) (7)	454.64	-0.9	-	6.89	-	13.46	458.71	459.00	459.37	654.23	564.54	13/5	418.66	27/7	768.11	29/12/89	43.96	13/12/74
67	Insurance (Brokers) (10)	562.23	-5.1	12.64	9.74	10.38	31.02	592.24	621.17	605.56	1168.11	1031.35	27/1	562.23	21/8	1399.56	17/7/87	65.86	16/12/74
68	Merchant Banks (7)	400.59	....	-	5.39	-	12.37	400.58	398.08	400.14	436.18	521.89	22/5	398.08	19/8	547.59	12/10/87	31.21	7/1/75
69	Property (30)	515.99	-0.1	11.70	8.85	11.45	20.85	516.35	521.49	521.67	938.90	799.69	20/1	502.07	11/8	1398.87	5/9/89	56.01	20/4/65
70	Other Financial (15)	221.31	-0.4	8.30	7.82	16.30	6.63	222.17	221.42	221.96	258.88	271.79	26/5	221.16	7/4	603.48	16/7/87	33.29	17/12/74
71	Investment Trusts (70)	1055.69	+0.5	-	4.26	-	22.04	1050.86	1051.40	1047.88	1235.41	1273.08	11/5	1045.70	12/8	1323.81	4/1/90	71.12	13/12/74
99	ALL-SHARE INDEX (654)	1123.24	+0.2	-	5.21	-	30.07	1120.57	1122.95	1119.35	1264.73	1326.36	11/5	1097.21	12/8	1326.36	11/5/92	61.92	13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 20	Aug 19	Aug 18	Aug 17	Aug 14	Year ago	1992 High		1992 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX♦	2365.7	+6.3	2376.3	2362.8	2359.4	2363.5	2354.7	2376.1	2356.8	2640.7	2737.8	11/5	2303.1	12/8	2737.8 11/5/92	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Aug 21	Day's change %	Thu Aug 20	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (23)	121.08	-0.07	121.16	1.79	8.49
2	5-15 years (25)	136.75	-0.21	137.04	1.64	9.30
3	Over 15 years (8)	148.96	-0.32	149.44	1.87	8.14
4	Irredeemables (6)	168.59	-0.06	168.70	3.38	7.34
5	All stocks (62)	134.49	-0.18	134.73	1.75	9.04
	Index-Linked					
6	Up to 5 years (2)	170.63	-0.11	170.82	0.06	3.25
7	Over 5 years (10)	147.64	-0.28	148.05	0.60	3.33
8	All stocks (12)	149.63	-0.25	150.01	0.52	3.29
9	Debs & Loans (62)	121.27	+0.08	121.17	3.14	6.83

	AVERAGE GROSS REDEMPTION YIELDS		Fri Aug 21	Thu Aug 20	Year ago (approx.)	1992 High		1992 Low	
	British Government								
1	Low	5 years	8.66	8.61	8.92	9.43	2/4	7.91	1/6
2	Coupons	15 years	8.88	8.85	9.65	9.72	1/4	8.65	9/7
3	(0%-7¾%)	20 years	8.88	8.85	9.65	9.72	1/4	8.65	9/7
4	Medium	5 years	9.47	9.42	10.02	10.28	1/4	9.01	3/7
5	Coupons	15 years	9.09	9.04	9.83	9.82	1/4	8.84	1/6
6	(8%-10¾%)	20 years	9.02	8.97	9.78	9.76	1/4	8.81	2/6
7	High	5 years	9.70	9.65	10.20	10.50	1/4	9.22	3/7
8	Coupons	15 years	9.28	9.24	9.94	9.96	1/4	9.00	22/5
9	(11%-)	20 years	9.18	9.14	9.84	9.86	1/4	8.95	22/5
10	Irredeemables	†	9.13	9.12	9.85	9.92	2/4	8.95	14/7
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	4.33	4.28	3.91	4.44	13/8	3.52	4/3
12	Inflation rate 5%	Over 5 yrs.	4.57	4.54	4.37	4.60	6/4	4.27	17/2
13	Inflation rate 10%	Up to 5 yrs.	3.55	3.48	2.93	3.74	13/8	2.86	4/3
14	Inflation rate 10%	Over 5 yrs.	4.38	4.35	4.17	4.42	6/4	4.07	17/2
15	Debs &	5 years	10.68	10.67	11.73	11.51	6/4	10.30	8/6
16	Loans	15 years	10.38	10.38	11.51	11.22	6/4	10.07	1/6
17		25 years	10.24	10.25	11.32	11.02	6/4	9.98	1/6

♦Opening index 2362.8; 9 am 2367.2; 10 am 2372.7; 11 am 2373.8; Noon 2370.5; 1 pm 2370.7; 2 pm 2370.4; 2.30 pm 2369.4; 3 pm 2369.5; 4.10 pm 2366.0; (a) 10.24am (b) 8.30am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-925 2323.

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
[illegible]	550	[illegible]	62	[illegible]	7	19	20
	600	[illegible]	[illegible]	[illegible]	28	32	42
	650	[illegible]	17	26	70	73	75
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2	2½	4
	[illegible]	[illegible]	[illegible]	[illegible]	4	4	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9
[illegible]	[illegible]	[illegible]	[illegible]	35	6½	11	13
	[illegible]	[illegible]	26	25	11	20	22
	280	-	12	[illegible]	[illegible]	33	35
[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	11	-
	[illegible]	30	[illegible]	-	13	[illegible]	-
	[illegible]	[illegible]	20	-	[illegible]	30	-
[illegible]	[illegible]	[illegible]	59	[illegible]	5	[illegible]	17
	[illegible]	22	32	35	19	25	[illegible]
[illegible]	[illegible]	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	13	17	13	[illegible]	21
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11½	12
[illegible]	[illegible]	[illegible]	50	60	[illegible]	19	23
	[illegible]	[illegible]			17	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	24	28
	[illegible]	[illegible]	[illegible]	31	[illegible]	53	57
[illegible]	[illegible]	[illegible]	39	50	14	22	26
	[illegible]	[illegible]	[illegible]	31	40	45	49
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16	22	30
	[illegible]	[illegible]	[illegible]	[illegible]	47	48	[illegible]

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero (*210)	200	30	40	47	23	28	35
	220	21	31	[illegible]	36	40	47
	240	15	22	29	50	55	60

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
BAA (*665)	600	90	100	114	6	13	15
	650	50	65	80	18	27	32
	700	25	40	54	44	52	57
BAT Inds (*731)	700	65	85	92	15	22	32
	750	33	55	63	36	42	53
	800	15	33	41	72	77	82
BTR (*422)	390	42	52	57	8	11	16
	420	23	34	39	20	25	29
	460	7½	17	22	51	52	53
Brit Telecom (*355)	330	37	42	48	5½	10	12
	360	17½	25	30	15	22	24
Cadbury Sch (*456)	420	50	63	67	7	12	17
	460	25	37	43	23	27	33
Eastern Elec (*287)	280	23	30	35	9	15	17
	300	13	20	25	20	25	27
Guinness (*523)	500	47	64	72	13	18	22
	550	19	36	45	37	43	47
GEC (*228)	220	19	24	28	6	8½	10
	240	7½	13	17	16	18	20
Hanson (*193)	180	18	21	25	4½	7	9
	200	6½	10½	14	14	17	18
LASMO (*139)	130	22	29	30	11	14	18
	140	17	22	25	16	19	23
Lucas Inds (*97)	90	14	16	18	7	8	10
	100	8	10	12	13	14	15
P & O (*330)	330	25	37	42	29	35	42
	360	14	25	32	48	55	62
Pilkington (*87)	80	16	20	23	6½	10	12
	90	12	15	18	10	15	16
Prudential (*237)	220	24	30	32	5	7	11
	240	12	19	21	14	17	22
RTZ (*530)	500	47	62	70	13	19	26
	550	20	34	43	38	43	48
Scot & New (*431)	420	34	43	53	12	18	21
	460	14	23	32	35	38	42
Tesco (*250)	220	20	26	31	7½	9½	13
	240	9½	16	19	17	19	21
Thames Water (*435)	420	34	39	50	9	13	15
	460	11	18	27	30	33	34
Vodafone (*316)	300	34	40	39	10	15	18
	330	17	25	32	23	29	32

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Abbey Nat. (*261)	240	25	35	41	2	5	8½
	260	10	21	27	6	12	16
	280	2½	12	18	20	24	27
Amstrad (*22)	15	8	8½	9	½	1	2
	20	4	5	6	2½	3½	4½
	25	2	3	4½	4	6	6½
Barclays (*296)	260	47	57	62	1½	4	8
	280	28	41	48	3	8	14
	300	10	27	35	7½	15	24
Blue Circle (*174)	160	17	24	29	3½	8	11
	180	4½	13	18	13	18	20
	194	2	8	-	26	28	-
British Gas (*244)	240	10½	16	22	4	13	16
	260	3	8	14	19	27	28
Dixons (*200)	200	9½	20	26	8	12	17
	220	3	12	17	22	24	28
Eurotunnel (*354)	330	37	59	70	7	23	26
	360	20	38	55	22	38	41

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Glaxo (*730)	700	47	74	92	11	34	46
	750	19	49	66	34	61	70
Hillsdown (*96)	90	16	21	26	6½	14	17
	100	11	16	21	12	20	24
Lonrho (*76)	70	8½	13	16	2½	5	8½
	80	4	8½	11	8	10½	13
HSBC (75p shs) (*316)	300	22	36	44	3½	15	19
	330	6	20	28	21	30	35
National Power (*231)	215	23	-	-	2	-	-
	235	7½	-	-	7	-	-
Reuters (*1044)	1000	65	113	139	12	37	50
	1050	30	81	110	30	57	72
R. Royce (*140)	140	5	10½	14	7½	10½	14
	160	1½	5	6½	25	26	28
Scottish Power (*184)	180	6	9	11	7½	10	12
	190	2	5	-	16½	17	-
Sears (*68)	60	9	12	14	2½	4½	5
	70	3	6	7½	5½	8	10
Forte (*127)	120	13	19	24	4	10	13
	130	8	14	19	8½	16	18
Thorn EMI (*709)	700	47	52	64	11	23	33
	750	19	28	39	34	51	59
TSB (*129)	120	12	18	20	2	4½	7
	130	7	12	14	5	9	12
Vaal Reefs (*$37)	35	5½	7½	8	1½	2½	4½
	40	2	4½	5½	3	5½	7½
Wellcome (*822)	800	39	75	96	12	33	44
	850	15	42	69	37	57	69

EURO FT-SE INDEX (*2366)

	2175	2225	2275	2325	2375	2425	2475	2525
CALLS								
Aug	202	152	102	52	2	½	½	½
Sep	207	161	117	79	49	26	12	5
Oct	-	186	-	112	-	55	-	24
Dec	-	226	-	157	-	95	-	55
Mar	-	253	-	190	-	135	-	90
Jun	-	290	-	220	-	165	-	120
PUTS								
Aug	½	½	½	½	½	51	101	151
Sep	8	13	20	30	48	76	113	156
Oct	-	26	-	50	-	91	-	159
Dec	-	38	-	66	-	98	-	158
Mar	-	45	-	68	-	105	-	155
Jun	-	55	-	80	-	115	-	160

FT-SE INDEX (*2366)

	2200	2250	2300	2350	2400	2450	2500	2550
CALLS								
Aug	176	126	76½	26½	½	½	½	½
Sep	185	140	99	64	36	18	7½	3½
Oct	209	168	129	97	68	47	32	20
Nov	230	190	154	120	92	68	50	35
Dec	248	-	172	-	110	-	65	-
Jun†	-	-	245	-	190	-	138	-
PUTS								
Aug	½	½	½	½	26½	76½	127	177
Sep	10	16	25	40	66	103	145	195
Oct	23	31	44	61	86	117	155	197
Nov	31	41	54	73	96	124	158	200
Dec	34	-	58	-	98	-	165	-
Jun†	-	-	85	-	125	-	180	-

Total Contracts 22,514
Calls 14,171 Puts 8,343
FT-SE Index Calls 4,778 Puts 1,870
Euro FT-SE Calls 2,176 Puts 3,246
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry mths
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	37	Ladbroke	18	Sears	8½	**OILS**	
Allied-Lyons	49	Comm Union	34	Legal & Gen	29	SmKl Bchm A	60	Aviva Pet	25
Amstrad	6	Courtaulds	43	Lex Service	22	TI	55	BP	18
Astec (BSR)	3	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	48
BAT Inds	58	FKI	6	Lonhro	12	Tesco	22	Conroy Pet	6½
BOC	53	FNFC	7	Lucas Inds	12½	Thorn EMI	63	Gaelic Res	½
BTR	35	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¾
Barclays	29	GKN	33	Midland Bank	30	Unilever	70	Shell	35
Blue Circle	24	Gen Accident	38	NatWest Bank	26	Vickers	15	Tuskar Res	½
Boots	34	GEC	17	P & O Dfd	37	Wellcome	75	**MINES**	
Bowater	60	Glaxo	52	Racal Elect	5½	**PROPERTY**		RTZ	47
Brit Aerospace	26	Grand Met	38	RHM	18	Brit Land	18		
British Steel	7	GRE	13	Rank Org	55	Land Sec.	30		
BT	25	Hanson	18	Ratners	3	MEPC	26		
Cadburys	38	ICI	95	Reed Intl	44	Mountleigh	1½		

INTERNATIONAL COMPANIES AND FINANCE

Honda hit by depressed car sales

By Steven Butler in Tokyo

SLUGGISH car sales pushed consolidated pre-tax profits at Honda Motor, the Japanese car maker, down by 26 per cent to Y34.18bn ($270.24m) in the first quarter of the financial year, which ended in June.

Sales, which includes motorcycles and other products, declined from Y1,149.6bn to Y1,111.9bn, owing mainly to weak markets in the US and Japan.

Honda's performance in North America was particularly bad, with car sales off by about 20 per cent to 203,000 units. The company said it had been hit by tough competition from Ford, General Motors, and Toyota, all of which gained market share at the expense of other Japanese makers. Honda also said it was hurt by the economic troubles in California, where it has a high concentration of sales.

In Japan, Honda's sales declined by 11 per cent to 168,000 units.

Total revenues from car sales fell by 5.3 per cent to Y897.1bn, while unit sales were off by 10.9 per cent to 466,000 vehicles.

Unit sales of motorcycles rose by 6.4 per cent to 892,000 units, while revenues grew by 6.4 per cent to Y149.9bn.

The company's profits were also affected by the higher value of the yen, increased operating costs, lower interest income and higher interest expenses.

Engine assembly in progress at Honda's Swindon factory

Net after-tax earnings declined from Y21.35bn to Y16.52bn.

In spite of the poor performance, Honda said yesterday it expected to meet its net profits forecast for the full year of Y60bn, a 7.4 per cent decline compared with last year.

● SANYO Securities, a second tier Japanese securities house, yesterday said it was considering asking its leading creditors for additional financing, writes Emiko Terazono in Tokyo.

The move comes at a time when the slump in Japanese share prices and low volumes on the Tokyo stock market are hurting revenues at the smaller Japanese brokers.

Many Japanese brokers are expecting heavy losses for the interim term to September. Sanyo said it had made a pre-tax loss of about Y9bn for the three months to July, excluding depreciation costs.

Sanyo said it would ask Daiwa Bank, Bank of Tokyo and Nippon Credit Bank for loans to boost its cash flow. The broker also said it was currently planning a restructuring programme including the closure of its 12 domestic branches, and the reduction of staff by 1,000.

German bank hits back at downgrading

By David Waller in Frankfurt

COMMERZBANK yesterday became the second large German financial institution within a matter of weeks to hit out at DB Research, the research arm of Deutsche Bank.

Mr Ulrich Ramm, Commerzbank's chief economist, denounced DB Research's conclusion that its earnings would fall by DM5 per share this year and next because of its exposure to Hafnia, the Danish insurance company which suspended payments to its creditors on Wednesday.

The downgrading from DB Research, based on the assumption that Commerzbank's exposure to Hafnia was in the region of DM300m ($202.7m), helped precipitate a near 7 per cent fall in Commerzbank's share price on Thursday.

Earlier this month, DB Research downgraded its forecasts for Allianz, the Munich insurance company which had just issued disappointing figures for 1991. The sell note prompted a sharp fall in the Allianz share price – and an angry response from Allianz.

"In its lack of knowledge of the actual situation DB Research has come to the extreme and premature assumption that the quota of losses on credit to Hafnia will be high," Mr Ramm said. "This looks extremely unlikely from the point of view of the creditor banks."

While DB Research downgraded its 1991 estimates from DM25 to DM22 per share and next year's from DM27 to DM25, Mr Ramm said Commerzbank's own analysts had as yet no reason to revise their estimate of their parent bank's earnings. Mr Ramm pointed out that operating profits climbed by 17.5 per cent to DM975m in the first six months of the year and that the bank was extremely positive about business developments in the current half.

The two downgradings have led to speculation that Deutsche Bank itself has been trying to encourage selling of shares in rival financial institutions. Deutsche Bank denied this yesterday, saying that DB Research was independent and its investment recommendations were not approved by the bank's management board, no matter how sensitive.

Despite Commerzbank's good interim figures, it has a balance sheet weaker than those of its competitors, not helped by an exposure of some DM560m to Olympia & York, the Canadian property group.

Electrolux declines to SKr758m

By Robert Taylor in Stockholm

ELECTROLUX of Sweden, one of the world's largest white goods manufacturers, yesterday reported a decline in its first-half profit after financial items to SKr758m ($143.76m).

This contrasts with a SKr917m profit for the same period of last year but exceeds the forecast level.

The company explained that the 1991 profit figure for the first half included SKr184m worth of capital gains from divestments and if adjustment was made for that non-recurring item its profit for the first half of this year actually rose by 3 per cent.

The company's profit after financial items for the second quarter of the year was SKr505m, virtually unchanged from the figure for the April-June period of 1991.

Sales rose by 1 per cent after adjustments for acquisitions and divestments in the first half to SKr40.8bn while in the second quarter sales were down slightly to SKr21.34bn from SKr21.52bn for the same period of last year.

Earnings per share after tax were SKr3.50 in the first half compared with SKr6.70 for the same period of 1991 while the rate of return on equity after full tax was 3 per cent compared with 6 per cent for the January-June period of last year.

Commenting on the market position, Mr Leif Johanson, Electrolux chief executive, said that uncertainties had increased in recent months over what market trends might be for the second half of the year.

While demand in Europe had grown gradually weaker, mainly in the Nordic region, the US recovery would "probably continue to be slower and weaker than anticipated".

He emphasised that despite relatively low profitability and weak markets, Electrolux would press on with the development of new environmentally friendly consumer products as well as strengthen the company's brand name products globally.

The household appliance division enjoyed a sales increase to SKr22.97bn in the first half of the year from SKr22.69bn with half the rise coming from a sales increase by Lehel, the Hungarian white goods company.

In the Nordic region and Britain there was a drop in sales volume for white goods while in North America volume sales increased.

There was a modest rise in sales of commercial appliances to SKr4.39bn in the period from SKr4.37bn for the same period of 1991 but operating income and profitability were "considerably lower" than for the first six months of last year.

Operating income for industrial products stayed unchanged while sales fell to SKr7.29bn from SKr7.45bn in that sector due mainly to lower invoicing and divestment of operations within its Granges business activities.

By contrast the company reported an improved operating profit in its outdoor products range with a slight increase in its sales to SKr5.76bn in the first six months from SKr5.58bn

Public spotlight about to fall on a rare player in global business

Alan Friedman and Patrick Harverson profile a woman who through her career has developed a reputation for financial innovation

Some time over the next year the World Bank will launch its first D-Mark-denominated global bond. And the bank's new treasurer, who played a key role in the development of the global bond programme, will enjoy a brief moment in the public spotlight.

The attention accorded to Ms Jessica Einhorn will undoubtedly focus on the fact that, as a woman, she is a rarity in the upper echelons of international finance. Yet her experience, and a record of innovation in the capital markets, rather than her gender has helped Ms Einhorn achieve her current status of treasurer and vice-president of the World Bank.

The appointment of Ms Einhorn, 45, a veteran of the US Treasury and the State Department, was announced six months ago. She had ample time to prepare for the job of treasurer, working since 1981 for her predecessors Mr Don Roth, the former Merrill Lynch executive, and Mr Eugene Rotberg, who became something of an institution in the Euromarkets during 19 years in charge of the bank's finances.

Mr Rotberg has high praise for Ms Einhorn: "There are very few people in the world who understand the intricacies of international finance and fewer still who also have experience in public policy. She has considerable skills in both fields."

It was thus no surprise when Mr Lewis Preston, World Bank president, gave Ms Einhorn the job of directing a staff of 250 people, raising about $17bn a year, managing $20bn of liquidity and looking after total outstanding debts of $97bn. "Jessica set up the World Bank's entire currency swap programme in the early 1980s, and she was part of the team that invented the global bond in 1989, and she used sophisticated hedging techniques to restructure the bank's financial policies," says Mr Rotberg, adding: "She knows everybody."

Her mentors have included Mr Paul Volcker, former chairman of the Federal Reserve, and Mr Jack Hennessy, former assistant secretary of the Treasury and now chief executive of First Boston, the Wall Street investment house.

Mr Hennessy says he first hired Ms Einhorn 20 years ago when she came to interview him at the Treasury. After working for Mr Hennessy and for Mr Volcker at the Treasury, she went on to become special assistant to the under-secretary of state for economic affairs, specialising in international monetary affairs.

Between 1977 and March 1981, when she joined the World Bank treasury, Ms Einhorn studied bank lending to developing countries at the Brookings Institute, spent a year on the financial policy side of the World Bank and 15 months back at the State Department as a senior official in the International Development Co-operation Agency.

It was, however, in the early 1980s that Ms Einhorn first placed her imprimatur on the World Bank's finances. Although Mr Rotberg was the treasurer, she led the team that restructured the bank's borrowing programme to meet the demands of rapidly changing world financial markets.

Against the background of volatile, and historically high, world interest rates, Ms Einhorn shepherded the bank through a series of changes in its borrowing policy, including a move from fixed-rate to variable-rate borrowing, greater use of the short-term debt markets, and the pioneering of currency swaps. By shifting to variable-rate financing, the bank wanted to avoid locking in high long-term rates on its debt and ensure its loans were funded with matched liabilities as part of its increasingly flexible borrowing programme.

At the same time, she helped the bank to expand its activities in short-term debt markets – most notably through its discount notes, a form of commercial paper with maturities of up to a year.

In 1982, Ms Einhorn helped engineer what is believed to be the world's first currency swap, when the World Bank swapped dollars in return for Swiss Francs with US computer giant IBM. The use of swaps developed rapidly, allowing the bank to raise funds in currencies that did not match their core liabilities, and providing access to new markets.

Not all of Ms Einhorn's new borrowing tools were a success. In 1984, for example, the bank introduced the "T-bill based floater". This was medium-term paper priced in relation to the yield on the US Treasury bill rather than the usual Libor (London Interbank Offered Rate). However, it never took off because investors mostly wanted Libor-indexed debt.

The most successful innovation during Ms Einhorn's tenure managing the bank's borrowings was probably the global bond, introduced in 1989. It is a large (more than $1bn) international debt security which the bank places simultaneously in major financial centres around the world. Thanks to special trading and multiple clearing arrangements, the bonds can be bought or sold across all world markets at relatively narrow spreads.

Seven global dollar or yen bond issues have so far been launched, and this year a D-Mark issue will be launched. The great advantage of global bonds for the bank is that they widen the pool of available investors and allow the bank to consolidate its underwritten borrowings into a small number of large transactions.

Given her role in the birth of the product, it is fitting that the first D-Mark global bond will be sold under Ms Einhorn's stewardship. Today, however, she has less time for the pioneering work she enjoyed during the 1980s: "When I was the young staff person my job was to help innovate, but now my task is to make sure these innovations meet all the other standards for our balance sheet."

Superfos trebles interim earnings

By our Correspondent in Copenhagen

SUPERFOS, the Danish construction, chemicals and packaging group, said advances by its packaging, road-building and chemical divisions resulted in an improved first-half 1992 pre-tax profit of DKr36m ($6.4m), compared with DKr12m in the same period last year.

The group said its grain and feedstuff activities had done well in spite of poor prices and forecasts that its whole year 1992 result would be much better than 1991's DKr158m profit after tax and minorities. Superfos gave no exact estimate of its expected result for the whole of the year, but its first-half 1992 net profit after tax and minorities was DKr29m, compared with DKr10m for the same period in 1991.

Sandvik profits drop 13% in first half

By Robert Taylor in Stockholm

SANDVIK, the Swedish speciality steel and carbide group, reported a 13 per cent drop in its first half profits to SKr903m ($171m), from SKr1.03bn for the same period of 1991. Invoiced sales also fell 3 per cent to SKr8.58bn from SKr8.82bn while the order intake dropped to SKr8.86bn from SKr9.04bn.

The company said there was no sign of cyclical recovery in its product area to benefit sales for the rest of the year so the profit for 1992 would be lower than the SKr1.92bn last year.

Demand remained slack, said Sandvik, mainly because the global recession was now hitting Germany and Japan while the upturn in the US was "still hesitant". Latin America, it added, was showing a "strong recovery" with a 40 per cent improvement in the company's invoiced sales to that area.

Sandvik reported an impressive 47 per cent growth in sales in its saws and tools product division to SKr1.05bn from SKr721m. By contrast its cemented carbide activities suffered a 6 per cent decline in sales to SKr4.37bn from SKr4.68bn over the period and steel a 9 per cent fall to SKr2.60bn from SKr2.87bn.

Return on investment over the past year was 11.5 per cent, down from 13.1 per cent for 1991 as a whole. Earnings per share after estimated full tax during the past year dropped by 6 per cent to SKr25.10 from SKr31.20.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$337.45	+2	$353.85	$358.40	$335.20
Silver Per troy oz	192.90p	-6.6	229.30p	242.70p	201.11p
Aluminium 99.7% (cash)	$1295	-4.5	$1251	$1339.0	$1105.5
Copper Grade A (cash)	£1318.5	+23.5	£1329	£1340.5	£1125.0
Lead(cash)	£332	+3	£317.5	£383.5	£278.50
Nickel (cash)	$7252.5	+2.5	$8040	$8195.0	$7065.0
Zinc SHG (cash)	$1364	+27.5	$1032.5	$1457.5	$1106.5
Tin (cash)	$6787.5	-7.5	$5625	$7115.0	$5425.0
Cocoa Futures (Dec)	£641	-3	£689	£773	£523
Coffee Futures (Nov)	$752	+29	$540	$1013	$676
Sugar (LDP Raw)	$255.0	-3.5	$242.5	$272.6	$193
Barley Futures (Nov)	£113.00	+0.25	£113.40	£123.90	£106.90
Wheat Futures (Nov)	£115.80	+0.25	$113.15	£131.85	£109.85
Cotton Outlook A Index	58.30c	-0.65	71.95c	65.90c	52.25c
Wool (64s Super)	372p	-4	385p	480p	372p
Oil (Brent Blend)	$19.775x	-0.275	$19.875	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb x-Oct

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Oct)		+ or -
Dubai	$17 70-80d	
Brent Blend (dated)	$19 50-65d	-.025
Brent Blend (Oct)	$19 75-80	
W.T.I (1 pm est)	$21.10-15d	
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$216-217	
Gas Oil	$171-172	
Heavy Fuel Oil	$84-86	+0.5
Naphtha	$190-191	
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$337.45	+-0.20
Silver (per troy oz)♣	376.0c	+2
Platinum (per troy oz)	$352.25	+5 4
Palladium (per troy oz)	$84 50	+1
Copper (US Producer)	119.0c	
Lead (US Producer)	40.0c	
Tin (Kuala Lumpur market)	16.76r	+0.4
Tin (New York)	314 5c	+1
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	110.63p	+0 19*
Sheep (live weight)†♠	72.91p	+0.09*
Pigs (live weight)†	84 52p	+7 37*
London daily sugar (raw)	$255 0w	+0 6
London daily sugar (white)	$279.5w	-3 5
Tate and Lyle export price	£240.0	
Barley (English feed)	$118 25z	
Maize (US No 3 yellow)	£148 0	
Wheat (US Dark Northern)	Unq	
Rubber (Sep)♥	50 50p	
Rubber (Oct)♥	50.50p	
Rubber (KL RSS No 1 Jul)	219.5r	+0 5
Coconut oil (Philippines)§	$505.0t	-2.5
Palm Oil (Malaysian)§	$387 5y	+6
Copra (Philippines)§	$322.5	
Soyabeans (US)	£133	
Cotton "A" index	58.30c	-0 30
Wooltops (64s Super)	372p	-6

£ a tonne unless otherwise stated. p-pence/kg c-cents/lb r-ringgit/kg.t-Oct/Nov w-Aug/Sep y-Sep d-Oct. z-Oct/Dec. †Meat Commission average fatstock prices * change from a week ago ♥London physical §CIF Rotterdam ♣ Bullion market close m-Malaysian cents/kg ♠Sheep prices are now live weight prices.

COCOA – London FOX	Close	Previous	High/Low (£/tonne)
Sep	611	611	611 600
Dec	641	636	643 630
Mar	668	666	671 663
May	687	685	691 680
Jul	706	704	708 701
Sep	724	723	727 718
Dec	749	747	752 743

Turnover: 4342 (3757) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 20 812.99 (838.43) 10 day average for Aug 21 801.73 (801.51)

COFFEE – London FOX	Close	Previous	High/Low ($/tonne)
Sep	733	738	744 734
Nov	752	757	764 750
Jan	762	769	772 761
Mar	777	776	782 775
May	790	790	788 785
Jul	800	793	799 793

Turnover:2800 (2080) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Aug 20: Comp. daily 45 30 (45.11) 15 day average 46.00 (46.17)

SUGAR – London FOX ($ per tonne)			
Raw	Close	Previous	High/Low
Oct	201.00	207 00	206.00 201.00
Dec	194.00	201.00	199 00 194.00
Mar	197.40	198.20	197.60 197.40
May	197.60	198.00	197.60
White	Close	Previous	High/Low
Oct	254.00	259.00	259.50 252.30
Dec	251 50	255.00	255.00 250.50
Mar	254.00	258.50	256.80 253 00
May	258.00	262.50	262.00 258.60
Aug	263.00	267 00	267.00 263.70
Oct	253.80	257 80	256.10 255.30

Turnover: Raw 163 (312) lots of 50 tonnes. White 1876 (983) Paris- White (FFr per tonne): Oct 1248.02 Dec 1251.91

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low
Oct	19.70	19.82	19 95 19.69
Nov	19.75	19.86	19.98 19.75
Dec	19 75	19 85	19.81 19.75
Jan	19.85	19 71	19.85
IPE Index	19 79	19.92	

Turnover 12000 (21183)

GAS OIL – IPE ($/tonne)	Close	Previous	High/Low
Sep	177.00	178.75	178.50 176.75
Oct	182.00	181.50	183.50 182.00
Nov	185.75	184.75	186.50 185.25
Dec	188 00	187.25	188.75 187.50
Jan	188.25	187 50	188 75 188.25
Feb	185 00	184.00	185.50 185 00
Mar	182 00	181.50	182 00 182.00
Apr	173 25	179.25	179.50 179.00
May	178.50	177.25	177.75 177.00

Turnover 15382 (16137) lots of 100 tonnes

SPICES
Indonesian cassia prices were firmer this week with spot supplies in Europe very tight, reports Man Producten. Vera sticks were quoted at US$2,275 a tonne and kb broken/cleaned at $1,525 a tonne: shipment prices were respectively $1,970 and $1,325 a tonne, cif. Seychelles cinnamon was offered at $1,300 a tonne; Indonesian nutmeg and mace prices were lower – Bwp at $850 a tonne, shrivels at $1,300 a tonne and abcd nutmegs at $1,550 a tonne; and mace at $1,600 a tonne, all prices on cif terms. Madras fingers were quoted at $1,275 a tonne, cif, and turmeric powder at $1,390

POTATOES – London FOX (£/tonne)	Close	Previous	High/Low
Apr	60.0	61.0	

Turnover 58 (64) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)	Close	Previous	High/Low
Dec	119.70		119.70
Feb	121.70	120.60	121.70 121.30

Turnover 90 (203) lots of 20 tonnes

FREIGHT – London FOX ($10/index point)	Close	Previous	High/Low
Sep	1115	1120	1115
Oct	1195	1199	1195
Oct	1285	1295	1285
BFI	1081	1081	1081

Turnover 27 (94)

GRAINS – London FOX (£/tonne)			
Wheat	Close	Previous	High/Low
Sep	113.55	113.60	113.55 113.50
Nov	115.80	115.85	115.90 115.80
Jan	119.65	119 60	119.65
Mar	122.70	122.70	122.70
May	125.70	125 70	125 70
Barley	Close	Previous	High/Low
Sep	109.65	109.55	109.65 109.55
Nov	113.00	113.00	113.00
Jan	116.90	116 75	116.90 116 85
May	121 70	121.75	121.70

Turnover: Wheat 225 (109), Barley 47 (101)
Turnover lots of 100 Tonnes

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low
Aug	106 4		106 2 106 0
Sep	108 5	107.0	108.0
Oct	107.5	106 5	107.0 106.5
Nov	107 0	106 3	107 0 106 5
Mar	104 0	104 0	102.5

Turnover:58 (16) lots of 3.250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover lots
Cash	1294.5-5.5	1297.5-8.5		1294-95		
3 months	1318-19	1321-21.5	1321/1318	1317.5-18	1319-19.5	
Copper, Grade A (£ per tonne)						Total daily turnover 19,021 lots
Cash	1318-19	1308.5-09.5	1315	1314-15		
3 months	1342-42.5	1332-32.5	1348/1331	1337.5-38	1331-32	145,655 lots
Lead (£ per tonne)						Total daily turnover 2,985 lots
Cash	331.5-32.5	328.5-29.5	341	330.5-31		
3 months	342-2.5	339.5-40	342/340	340.5-41	340.25-0.50	29,014 lots
Nickel ($ per tonne)						Total daily turnover 5,345 lots
Cash	7250-55	7260-65		7260-65		
3 months	7325-330	7340-41	7385/7318	7341-43	7340-45	25,343 lots
Tin ($ per tonne)						Total daily turnover 1,540 lots
Cash	6785-90	6770-80	6800/6797	6798-800		
3 months	6815-20	6800-05	6830/6810	6826-30	6815-20	11,757 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 6,282 lots
Cash	1363-65	1354-55		1360-61		
3 months	1334.5-35	1328-29	1335/1330	1333-33.5	1333-34	65,186

LME Closing £/$ rate:
SPOT: 1.9485 3 months: 1.9175 6 months: 1.8876 9 months: 1.8587

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	337.30-337.60	
Opening	337.20-337.70	
Morning fix	336.90	174.305
Afternoon fix	336.90	174.650
Day's high	337.50-337.80	
Day's low	335 90-336.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.60	6 months	2.62
2 months	2.60	12 months	2.68
3 months	2.61		

Silver fix	p/troy oz	US cts equiv
Spot	192.90	373.50
3 months	197.80	376.55
6 months	202.75	379.60
12 months	213 00	386.95

GOLD COINS	$ price	£ equivalent
Krugerrand	336.00-338.00	174.00-176.00
Maple leaf	347 00-349.25	-
New Sovereign	80.00-82.00	41.00-43.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1250	52	83	3	9
1300	12	48	10	24
1350	3	24	48	49
Copper (Grade A)	**Calls**		**Puts**	
2500	64	97	5	48
2550	29	70	19	68
2600	9	49	48	96
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
600	155	164	3	2
650	111	119	9	7
700	74	80	22	18
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
500	142		1	
550	97	128	6	10
600	59	90	18	22
Brent Crude	**Oct**	**Nov**	**Oct**	**Nov**
2000	22	50	37	55
2050	12	30		85
2100	7	20		

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Aug	337.3	337.4	337.0	336.7
Sep	337.4	337.6	0	0
Oct	338.5	338.7	338.7	337.2
Dec	339.9	340.2	340.1	338.7
Feb	341.7	341.9	341.8	340.9
Apr	343.3	343.5	342.8	342.2
Jun	345.0	345.2	344.6	344.6
Aug	346.8	347.0	0	0
Oct	348.7	348.9	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Aug	372.3	372.8	0	0
Sep	372.7	373.2	375.0	371.5
Oct	374.6	375.1	0	0
Dec	376.3	376.8	379.0	375.0
Jan	377.6	378.1	0	0
Mar	380.0	380.5	382.5	379.0
May	382.6	383.1	382.5	381.5
Jul	385 0	385.5	386.5	384.5
Sep	387.9	388.4	390.0	387.0
Dec	392.3	392.8	394.0	392.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Aug	112.80	113.30	114.80	112.80
Sep	113.30	113.65	115.10	113.00
Oct	113.60	113.95	114.20	114.00
Nov	113.85	114.20	0	0
Dec	114.15	114.40	116.00	114.00
Jan	113.65	113.95	115.20	114.90
Feb	113.35	113.70	0	0
Mar	112.65	113.30	0	0
Apr	111.95	112.40	0	0
May	111.55	112.00	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Oct	21.03	21.25	21.34	21.01
Nov	20 98	21 18	21.26	20.98
Dec	20.93	21.11	21.19	20.91
Jan	20.84	21.03	21.09	20.83
Feb	20 85	20.95	20.85	20.79
Mar	20 72	20.87	20.88	20.78
Apr	20.73	20.78	20.76	20.73
May	20.68	20.68	20.68	20.64
Jun	20 50	20.59	20.57	20.50
Jul	20.48	20.51	20.51	20.45

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Oct	349.0	348.9	352.3	348.5
Jan	347.0	346.7	350.5	347.3
Apr	348.0	347.9	349.5	347.5
Jul	349.0	348.9	347.0	347.0

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Sep	57.80	58.42	58.95	57.45
Oct	58.80	59.35	59.60	58.40
Nov	59.80	60.50	60.75	59.55
Dec	61.05	61.63	61.90	60.80
Jan	61.65	62.18	62.40	61.60
Feb	60.90	61.38	61.60	60.80
Mar	59.15	59.48	59.75	59.00
Apr	57.45	57.73	57.90	57.45
May	56.65	56.83	56.55	56.85
Jun	55.70	55.73	55.70	55.70

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Sep	1049	1031	1053	1040
Dec	1091	1073	1096	1073
Mar	1139	1125	1145	1125
May	1174	1160	0	0
Jul	1205	1191	0	0
Sep	1235	1221	1220	1220
Dec	1270	1256	0	0
Mar	1306	1292	0	0
May	1334	1320	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Sep	51.20	50.25	51.95	50.50
Dec	53.15	52.90	54.40	52.95
Mar	55.40	55.40	56.70	55.40
May	59.55	59.85	60.40	59.40
Jul	61.80	62.00	62.50	62.00
Sep	63.85	64.00	64.80	63.50
Dec	67.25	67.50	67.25	67.25

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	8.81	9.09	9.15	8.77
Mar	8.66	8.85	8.92	8.66
May	8.66	8.86	8.92	0
Jul	8.70	8.86	8.92	8.65
Oct	8.61	8.79	8.64	8.60

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Oct	58.18	58.76	58.90	57.80
Dec	56.25	56.70	57.00	55.96
Mar	57.30	57.85	58.05	56.91
May	57.86	58.65	58.65	57.80
Jul	58.48	58.90	59.05	58.45
Oct	59.85	60.40	60.00	60.00
Dec	59.25	60.25	60.10	59.25

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Sep	113.00	112.60	113.90	112.50
Nov	109.55	108.25	110.20	108.00
Jan	109.30	107.55	109.90	107.50
Mar	109.05	107.60	110.30	108.00
May	109.25	107.80	109.75	109.75
Jul	108.75	107.30	108.75	108.75
Sep	108.75	107.30	0	0
Nov	108.75	107.30	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Aug.21	Aug.20	mnth ago	yr ago
1526.3	1521.8	1570.1	1661.3

DOW JONES (Base: Dec. 31 1974 = 100)	Aug.20	Aug.19	mnth ago	yr ago
Spot	115.63	115.86	117.97	117.49
Futures	115.54	115.22	118.94	121.47

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Sep	551/2	548/4	552/4	549/0
Nov	545/4	542/6	547/0	542/4
Jan	553/0	550/0	554/0	550/2
Mar	561/4	558/2	562/0	558/2
May	568/2	565/2	569/0	564/6
Jul	574/4	571/2	574/6	571/2
Aug	573/0	570/0	573/0	573/0
Sep	570/0	567/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Sep	18.44	18.52	18.65	18.38
Oct	18.58	18.63	18.76	18.50
Dec	18.90	18.89	19.08	18.78
Jan	19.04	19.02	19.20	18.96
Mar	19.34	19.32	19.49	19.25
May	19.57	19.58	19.75	19.55
Jul	19.85	19.86	20.04	19.86
Aug	19.98	19.98	0	0

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Sep	174.3	172.7	174.4	173.6
Oct	189.7	188.6	190.0	189.1
Dec	188.9	187.5	189.4	188.2
Jan	188.0	187.0	188.7	187.9
Mar	187.2	186.4	188.0	187.1
May	187.3	186.6	187.8	186.8
Jul	188.5	187.0	188.5	187.5
Aug	189.5	186.5	189.5	188.5

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Sep	222/6	220/0	223/0	219/6
Dec	222/6	221/0	223/0	220/2
Mar	231/2	229/4	231/4	228/4
May	237/2	235/4	237/6	235/0
Jul	241/4	240/2	241/6	239/6
Sep	241/4	241/0	242/4	241/4
Dec	244/0	243/4	245/0	244/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Sep	315/4	309/6	316/2	311/0
Dec	327/6	322/2	328/0	324/2
Mar	335/4	329/4	335/4	331/4
May	333/4	327/6	333/4	329/6
Jul	320/2	316/6	320/4	317/4
Sep	324/0	322/4	0	0
Dec	334/6	333/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Aug	74.550	74.300	74.625	74.200
Oct	74.200	74.250	74.400	74.000
Dec	72.700	72.975	73.075	72.625
Feb	72.025	72.275	72.350	72.000
Apr	73.100	73.350	73.350	73.100
Jun	70.100	70.325	70.400	70.100
Aug	68.575	68.800	68.975	68.575

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Aug	45.950	45.450	46.000	45.100
Oct	40.175	40.400	40.250	39.900
Dec	40.875	41.025	40.950	40.700
Feb	40.725	40.825	40.800	40.525
Apr	39.300	39.450	39.350	39.100
Jun	44.700	44.800	44.900	44.675
Aug	43.575	43.700	0	43.550

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Aug	38.175	40.175	40.300	38.175
Feb	39.950	41.625	41.600	39.825
Mar	39.725	41.325	41.200	39.400
May	40.950	42.850	42.300	40.850
Jul	40.100	42.000	41.300	40.100
Aug	40.700	42.250	0	40.700

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls to all-time low

The dollar fell through its all-time low against the D-Mark on the foreign exchanges yesterday, despite concerted central bank intervention to support the currency, *writes James Blitz*.

The US currency fell through its historic low against the D-Mark of DM1.4430 at around 1630 London time. Although foreign exchange trading was thin, the currency fell fast after breaking support at that level. Within minutes it had lost over a pfennig, but bottomed out at DM1.4345.

European currencies lost ground against the D-Mark in the dollar's wake. Sterling closed at DM2.7970 against the D-Mark, setting another record low since Britain joined the Exchange Rate Mechanism in October 1990. The Italian lira was also weaker, closing at L762.2 from a previous close of L760.

These are uncharted territories for the dollar/D-Mark exchange rate and dealers are uncertain of what will happen to the dollar next week. Mr Neil MacKinnon, chief economist at Yamaichi International in London, says that the dollar could easily break support at DM1.40.

The dollar's fall came despite intervention earlier in the day from sixteen central banks, led by the US Federal Reserve. They had intervened in a generally thin market at around 1430 London time, buying the dollar when it was at DM1.4480. Four more rounds of intervention followed.

Yesterday's operation appeared to be modest in size. Several dealers suggested that central banks had spent between £500m and £1bn in the market, although the Bank of Italy said that the intervention had been "massive." An economics analyst at a commercial bank in London also said that his dealing room had seen intervention on a far greater scale than normal.

An important requirement to turn the market is that dealers should be short of the supported currency, so that when its exchange rate starts rising there is a run to buy it. However, the market was well sated with dollars yesterday, and one commercial bank reported some marked selling against the intervention by corporate dealers.

The market has also shown a marked reluctance to buy high-yielding currencies like sterling or the Italian lira for fear that these currencies could be devalued over the weekend.

With sterling now only a pfennig above its floor against the D-Mark in the ERM, analysts expect the Bank of England to intervene to support the currency early next week. However, the market is not necessarily short of sterling and some dealers feel that intervention could be limited in effect. If that is the case, the British Chancellor will have no choice but to raise UK base rates.

£ IN NEW YORK

Aug 21	Latest	Previous Close
£ Spot	1.9485-1.9495	1.9390-1.9800
1 month	1.10-1.08pm	1.09-1.07pm
3 months	3.30-3.27pm	3.26-3.23pm
12 months	12.1-12.0pm	12.0-11.9pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug 21	Previous
8.30 am	91.8	91.9
9.00 am	91.8	91.9
10.00 am	91.8	91.9
11.00 am	91.8	91.9
Noon	91.8	92.0
1.00 pm	91.8	91.9
2.00 pm	91.7	91.8
3.00 pm	91.7	91.8
4.00 pm	91.7	91.8

CURRENCY MOVEMENTS

Aug 21	Bank of England Index	Morgan Guaranty Changes %
Sterling	91.7	-20.2
U S Dollar	59.9	-19.0
Canadian Dollar	98.1	-3.2
Austrian Schilling	111.6	+13.2
Belgian Franc	113.5	-0.5
Danish Krone	111.7	+5.4
D-Mark	122.0	+27.6
Swiss Franc	111.4	+18.8
Dutch Guilder	116.9	+17.9
French Franc	106.2	-18.8
Lira	99.9	-19.3
Yen	137.0	+73.8
Peseta	108.1	-17.9

Morgan Guaranty changes average 1980-1982 =100. Bank of England Index (Base Average 1985 =100) *Rates are for Aug 20

CURRENCY RATES

Aug 21	Bank rate %	Special* Drawing Rights	European† Currency Unit
Sterling	-	0.750528	0.724097
U S Dollar	3.00	1.45565	1.40135
Canadian $	5.50	1.73601	1.67251

OTHER CURRENCIES

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.9475	1.9365	1.9146	1.8823	1.8255
D-mark	2.7975	2.7973	2.7959	2.7917	2.7843
French Fr	9.5050	9.4810	9.4480	9.4040	9.3840
Swiss Fr	2.4875	2.4833	2.4748	2.4608	2.4360
Yen	245.50	244.25	241.59	237.45	229.92

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 21	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	130.880	-2.06	6.09	34
Belgian Franc	42.4032	41.8687	-1.26	5.23	40
D-Mark	2.05586	2.03265	-1.13	5.09	44
Dutch Guilder	2.31643	2.29106	-1.10	5.05	32
Portuguese Escudo	178.735	178.111	-0.35	4.27	4
Irish Punt	0.767417	0.765303	-0.28	4.19	-7
French Franc	6.89509	6.89953	0.06	3.84	-28
Danish Krone	7.84195	7.84894	0.09	3.81	-24
Italian Lira	1538.24	1546.39	0.53	3.35	-48
Sterling	0.696904	0.724097	3.90	0.00	-76

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9275 - 1.9490	1.9470 - 1.9480	1.10-1.08cpm	6.72	3.28-3.25pm	6.71
Canada	2.3010 - 2.3235	2.3210 - 2.3220	0.97-0.93cpm	4.91	3.05-2.90pm	5.13

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Pesta per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
104	-	2.58	-	0.02	0.68	0.80
105	0.88	1.92	-	0.08	0.99	-
106	0.10	1.38	-	0.48	1.39	-
107	0.02	0.90	1.38	1.42	-	-
108	0.01	0.54	0.96	2.38	-	-
Open Int	154,897	233,626	22,215	112,513	111,758	21,450

Estimated volume 55,361 † Total Open Interest 656,461
† All Yield & Open Interest figures are for the previous day

BANK RETURN

BANKING DEPARTMENT	Wednesday August 19 1992		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	128,896,345	-	11,103,045
Bankers Deposits	1,489,339,853	-	66,931,374
Reserve and other Accounts	3,512,577,926	+	94,129,012
	5,145,367,124	+	16,094,593
ASSETS			
Government Securities	1,326,816,175	+	40,020,000
Advance and other Accounts	1,995,120,310	-	242,361,631
Premises Equipment & other Secs	1,819,938,627	+	225,811,734
Notes	3,288,879	-	7,376,438
Coin	203,133	+	928
	5,145,367,124	+	16,094,593
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,326,711,121	-	62,623,562
Notes in Banking Department	3,288,879	-	7,376,438
	16,330,000,000	-	70,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	11,889,319,385	+	529,936,541
Other Securities	4,429,665,515	-	599,936,541
	16,330,000,000	-	70,000,000

MONEY MARKETS

Futures fall sharply

STERLING futures prices fell sharply yesterday after the pound fell below the DM2.80 level on the foreign exchanges.

Shortly before lunchtime, the September short sterling contract dipped 13 basis points from its opening level to 89.52, in expectation of dollar and sterling falls during the day. At that price, dealers are probably pricing in a rise in base rates of ¼ a percentage point.

The contract, which is very sensitive these days to currency movements, was stopped in its tracks as the Federal Reserve and European central banks intervened in the foreign exchange markets to support the dollar, pushing sterling up half a pfennig within several minutes.

But, for the fourth time running, the effect of the intervention appeared limited and the contract failed to rally. The dollar fell through its all-time low against the D-Mark, bringing sterling down with it and dealers grew pessimistic about the prospects for a base rate rise. The September contract closed at 89.45, down 20 basis points from its opening level. The December contract closed down 24 basis points, at 89.42.

Period rates in the sterling cash market also firmed in the morning, as dealers grew more concerned about sterling's plight. By lunchtime, three month money, a key indicator of where the market thinks base rates are moving, was offered at 10 7/16 per cent from a previous close of 10 5/16 per cent.

After the dollar's fall, period rates firmed to levels that price in a ½ a percentage point rise in UK base rates.

The gloomy sentiment in the cash market was not helped by another large shortage forecast, of £1.1bn, by the Bank of England. One discount house dealer said that many traders had sold their stock of bills for the week in the hope that the shortage would come in lower at £800m-£900m. In the event, the market took most of the day to make up the deficit.

In the morning, the Bank bought £71m of Band 1 Treasury bills and £12m of Band 1 bank bills at 9¾ per cent, and £30m in a repurchase agreement at 9 13/16 per cent. The forecast was revised to £1.4bn and the Bank bought £13m of Band 1 Treasury bills, £714m of Band 1 bank bills and £56m of Band 2 bank bills, all at 9¾ per cent. There was late assistance of £390m.

UK clearing bank base lending rate 10 per cent from May 5, 1992

FT LONDON INTERBANK FIXING

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	6	One month	2.91	Three year	4.56
Broker loan rate	5¼	Two month	3.02	Five year	5.41
Fed.funds	3¼	Three month	3.16	Seven year	5.96
Fed.funds at intervention	-	Six month	3.25	10-year	6.44
		One year	3.43	30-year	7.30
		Two year	4.05		

Aug.21	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.65-9.75	9.75-9.85	9.75-9.85	9.80-9.90	9.80-9.90	9.75
Paris	9 13/16-10	10 1/16-10 3/16	10¼-10⅜	10¼-10⅜	10¼-10½	9.60
Zurich	7¼-7¾	7⅞-8¼	-	8-8¼	-	-
Amsterdam	9.68-9.75	9.58-9.66		9.58-9.66	-	-
Tokyo	4 5/16-4½	4 5/16-4½	-	-	-	-
Milan	14⅞-15¼	16-16⅛	-	15 15/16-16⅛	-	-
Brussels	9 11/16-9 15/16	9 13/16-9 15/16	-	9⅝-9¾	-	-
Dublin	9⅞-10	10⅛-10½	10⅛-10½	10 3/16-10 11/16	10 7/16-10 11/16	-

LONDON MONEY RATES

Aug 21	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11¾	10 1/16	10 3/16	10½	10½	10½
Interbank Bid	9¾	9 13/16	9 15/16	10¼	10¼	10¼
Sterling CDs	-	-	10⅛	10 5/16	10⅜	10⅜
Local Authority Deps.	9⅝	9¾	9 15/16	10⅛	10 5/16	10¼
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10⅛	9⅞	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	10 3/16	10 5/16	10¼	10¼
Treasury Bills (Buy)	-	-	9 13/16	9 13/16	9 11/16	-
Bank Bills (Buy)	-	-	9 13/16	9 13/16	9¾	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.30	3.30	3.33	3.45
SDR Linked Dep. Offer	-	-	6 1/16	6 1/16	6¼	6⅜
SDR Linked Dep. Bid	-	-	5 15/16	6 1/16	6⅛	6 3/16
ECU Linked Dep Offer	-	-	11	11 1/16	11 1/16	11
ECU Linked Dep. Bid	-	-	10 13/16	10¾	10¾	10 13/16

Treasury Bills (sell); one-month 9 13/16 per cent; three months 9 13/16 per cent; six months 9 11/16 per cent; Bank Bills (sell). one-month 9 25/32 per cent; three months 9¾ per cent. Treasury Bills; Average tender rate of discount 9.6875 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1992. Agreed rates for period August 26, 1992 to September 22, 1992, Scheme I: 11.27 p.c., Schemes II & III: 11.46 p.c. Reference rate for period July 1, 1992 to July 31, 1992, Scheme IV&V: 10.188 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from August 1, 1992; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6), Deposit £100,000 and over held under one month 6½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 8½ per cent; nine-twelve months 8½ per cent. Under £100,000 7 per cent from May 6, 1992. Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bnk	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Dao Heng Bank Plc	11	Mount Banking	10
● Henry Ansbacher	10	Duncan Lawrie	10	NatWestminster	10
B & C Merchant Bank	10.5	Equatorial Bank plc	10	Northern Bank Ltd	10
Bank of Baroda	10	Exeter Bank Limited	10.5	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	Financial & Gen. Bank	10	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co.	10	● Rea Brothers	10
Bank of Ireland	10	Robert Fraser & Ptnrs	10.5	Roxburghe Bank Ltd	11
Bank of India	10	Girobank	10	Royal Bk of Scotland	10
Bank of Scotland	10	● Guinness Mahon	10	● Smith & Williamson Secs	10
Banque Belge Ltd	10	Habib Bank AG Zurich	10	Standard Chartered	10
Barclays Bank	10	● Hambros Bank	10	TSB	10
Brit Bk of Mid East	10	Hampshire Trust Plc	13.5	Unibank plc	10
● Brown Shipley	10	Heritable & Gen Inv Bnk	10	● United Bk of Kuwait	10
CL Bank Nederland	10	● Hill Samuel	10	Unity Trust Bank Plc	10
Citibank NA	10	C. Hoare & Co.	10	Western Trust	10
City Merchants Bank	10	Hongkong & Shanghai	10	Whiteaway Laidlaw	10
Clydesdale Bank	10	Julian Hodge Bank	10	Yorkshire Bank	10
Co-operative Bank	10	● Leopold Joseph & Sons	10		
Coutts & Co	10	Lloyds Bank	10		
		Meghraj Bank Ltd	10		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

Western Trust High Interest Cheque Acc
Wimbledon & South West Finance PLC

NOTES– Gross: Contractual rate of interest payable not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 1684

Treasury 13¾% Stk 2000/03 - £122¾ ZZ122⅞ £ 122⅞ 122¾

Exchequer 10½% Stk 2005 - £109¾ 110⅜

Guaranteed Export Finance Corp PLC 11¾% Gtd Nts 1994 (Br - £101½♦ 12¾% Gtd Ln Stk 2002(Reg) - £119⅝

Corporation and County Stocks

No. of bargains included nil

Corp of London 3½% Deb Stk 83/93 - £95 (17Au92)

UK Public Boards

No of bargains included 3

Agricultural Mortgage Corp PLC 6¾% Deb

¾ (18Au92)

Nationwide Building Society 11¾% Nts 1997 (Br £5000 & 100000) - £103½ (17Au92)

New Zealand 9¾% Bds 1995 - £99⅝ (18Au92)

9½% Nts 1993 - £98⅞ 9⅝ (14Au92)

Nippon Telegraph and Telephone Corp 8½% Nts 1996 - $109⅞ .8 ⅞ (19Au92) 8½% Nts 1997 (Br $C1000&10000) - $C105 (18Au92)

Nippon Telegraph and Telephone Corp 10⅛% Bds 2001 (Br $C1000&10000) - $C112½ ⅝ (17Au92)

Nordiska Investeringsbanken Zero% Bds 1994 - $91⅝ ¾ (19Au92)

Norway (Kingdom of) 7% Nts 1996 (Br $5000&100000) - $105.7 .9 (19Au92) 7.25% Nts 1998(Br $C Vars) - $C101.35 101.725 (17Au92) 9% Nts 1996(Br ECU5000&100000) - EC99.15♦

(18Au92)

7¾% Uns Ln Stk 93/98 - £92

Allied Radio PLC Ord 25p - 18 7‡

Allied-Signal Inc Shs of Com Stk $1 - $53.7 .706334 (18Au92)

Alphameric PLC Ord 2.5p - 7 9

Alvis PLC 5 5% Cnv Cum Non-Vtg Red Prf £1 - 50

American Brands Inc Shs of Com Stk $3.125 - $47¼♦

Ameritech Corp Shs of Com Stk $1 - $88.8048 9.197577 ⅝ (17Au92)

Anglian Group PLC Ord 5p - 205 7

£95⅞ 6⅞ (19Au92)

5½% Uns Ln Stk 94/96 - £86½

6½% Uns Ln Stk 94/96 - £88½ (19Au92)

7¼% Uns Ln Stk 94/96 - £89½ 90

7¾% Uns Ln Stk 2000/05 - £84½ (19Au92)

Courts(Furnishers) PLC 5.9% (Net) Cum Prf £1 - 62½♦

Coventry Building Society 12⅛% Und Man Cnv Subord Nts(Reg£1000) - £101⅝ ⅞ ⅞

Crowther(John Edward)(Hldgs) PLC 5½%

Johnson,Matthey PLC 8% Cnv Cum Prf £1 - 520 (14Au92)

Kajima Corp Shs of Com Stk Y50 - Y774.436 7 92 3 8571 .86 8.489 821.534867 8.565

Kayser Bondor Ld 6% Red Cum Prf Stk £1 - 50 (18Au92)

Kenwood Appliances PLC Ord 10p - 273 3 4 5 6 7

Keppel Corporation Ld Ord $S1 - $S5.62213 .64828 .6485 .679567

Kingfisher PLC ADR (2:1) - $17.29 (17Au92)

Plantsbrook Group PLC 8.75% Cnv Prf 91/2001 10p - 85 (19Au92)

Platignum PLC Ord 10p - 82 3

Practical Investment Co PLC Ord 10p - 110 (17Au92)

Pressac Holdings PLC 10.5% Cum Prf £1 - 85

Process Systems Inc Shs of Com Stk $0.025(UK Reg) - 4¼ (19Au92)

Prowting PLC 8.9% Cum Red Prf £1 - 93 (17Au92)

Queens Moat Houses PLC 10⅜% 1st Mtg Deb Stk 2020 - £99⅝ ⅝ (19Au92)

Volex Group PLC 7% Cum Prf £1 - 59 (18Au92)

WB Industries PLC Ord 5p - 22 (14Au92)

Wagon Industrial Hldgs PLC 7.25p (Net) Cnv Ptg Prf 10p - 121 (19Au92)

Walker & Staff Hldgs PLC Ord 5p - 125 (18Au92)

Walker(Thomas) PLC Ord 5p - 19 (17Au92)

Warburg (S.G.) Group PLC 7⅜% Cum Prf £1 - 97

Warner-Lambert Co Com Stk $1 - $67⅝

Waste Management International PLC Ord

Sers "B" Warrants to sub for Ord - 10 (17Au92)

St. David's Investment Trust PLC Zero Div Prf 100p - 121½ (18Au92)

Scottish American Investment Co PLC Equities Index Uns Ln Stk 2004 - 106 (14Au92)

Scottish National Trust PLC 10% Deb Stk 2011 - £101‡ (17Au92)

Shires Investment PLC Warrants to sub for Ord - 30

TR City of London Trust PLC 11½% Deb Stk 2014 - £112⅞ (19Au92)

93 (18Au92)

Zero Div Prf 20p - 29⅞ (17Au92)

I&S UK Smaller Companies Trust PLC Ord 50p - 73

Wts to Sub for Ord - 19

Investors Capital Trust PLC 5¼% Cum Prf Stk - 248 (19Au92)

Lazard Select Investment Trust Ld Ptg Red Prf 0.1p Global Active Fund - 878.3 9.3

Ptg Red Prf 0.1p U.K. Active Fund - 100 .2

Ptg Red Prf 0.1p U.K. Liquid Assets Fund - £10

Ptg Red Prf 0.1p Japan Index Fund - 433.8 6.8

Lloyds Smaller Co's Inv Tst PLC Package Units (Comp 1Div&1CapShare) - 92 (17Au92)

Capital Shs 1p - 58 (19Au92)

Merchants Trust PLC 4% Perp Deb Stk - 237

Moorgate Smaller Co's Inc Trust PLC Ord 25p - 95 8

Wts to Sub for Ord - 30 1 3 (17Au92)

Morgan Grenfell Equity Inc Tst PLC Ord 25p - 82

Wts to Sub for Ord - 13 (19Au92)

New Guernsey Securities Trust Ld Ord 25p - 80 (14Au92)

New Throgmorton Trust(1983) PLC Zero Cpn Deb Stk 1998 - £55½ (17Au92)

Paribas French Investment Trust PLC Sers "A" Warrants to sub for Ord - 10 (17Au92)

2.27

Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.32 (18Au92)

Sutton Harbour Hldgs Ld Ord 25p - £3.7

Tyndall International(Jersey) Gilt Fund - £1⅛ (19Au92)

Weetabix Ld "A" Non.V Ord 25p - £11⅛

10% Prf £1 - £0.62 (19Au92)

Yates Bros Wine Lodges PLC Ord 25p - £0.95

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Beach Petroleum A$0.069 (19/8)
City Developments S$3.489
Futuris Corp A$0.83 (14/8)
Malaysian Plantations 7 (19/8)
McCarthy Group R3.25 (17/8)
Mount Martin Gold Mines A$0.32 (18/8)
Nampak 10 (19/8)
North Flinders Mines 1 (18/8)
Oil Search 29 (18/8)
Regal Hotels (Hldgs) 4 (19/8)
Samantha Hldgs. A$1.16 (19/8)
Singapore Land S$3.86 (19/8)
Storer Communications $K255 (17/8)

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LONDON STOCK EXCHANGE

Currencies call the tune for equities

By Terry Byland
UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Aug 10	Aug 24	Sep 7
Option Declarations:		
Aug 20	Sep 3	Sep 17
Last Dealings:		
Aug 21	Sep 4	Sep 18
Account Day:		
Sep 1	Sep 14	Sep 28

*New time dealings may take place from 8.30 am two business days earlier.

CONCERN over sterling unsettled UK equities again yesterday, restraining the beneficial effects of another strong recovery in the Japanese equity market. An early gain of 17 points on the FT-SE scale was cut back rapidly towards the close as heavy central bank support for the dollar left the pound slipping lower against the German currency.

The London stock market closed last night just before the final onslaught on the US dollar, leaving equity traders to watch in nervous silence as the latest currency rates marched across the trading screens.

The final reading put the Footsie at 2,365.7 for a gain on the day of 6.3. Yesterday marked the close of the two-week equity trading account which has seen the index gain 15.6 points, or 0.7 per cent in volatile trading.

On the bullish side of the balance, the London market was relieved to see the German Lombard rate left unchanged by the Bundesbank on Thursday. But the outlook for UK interest rates has been challenged by the pound's weakness in the ERM range, while stock market confidence has been dented as poor corporate reports have revived dividend worries.

Share prices opened higher in London after a rise of 949.12, the third successive daily advance, took the Nikkei Average above the important 16,000 benchmark again. Also helpful at first was the pound, which opened up against the D-Mark.

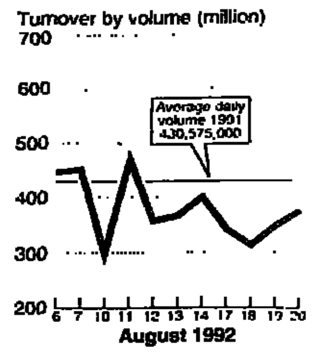
Once again, trading volume increased yesterday as share prices struggled to hold on to their early gains. The day's Seaq volume of 436.9m shares compared with 425.9m in the previous session. However, Thursday's retail business was worth only £822.7m, still on the low side for the UK stock market. Although investors remained very cautious, there was demand for utilities, and similar defensive stocks. Sterling's initial improvement relaxed interest rates worries a little and store and consumer shares rallied.

The market peaked early at 2,376.3, however, and became nervous when sterling eased later in the session. Equities came off the top and the dollar intervention steadied nerves only briefly before share prices crumbled again.

The final half hour of business saw share prices slipping away in a nervous stock market. Traders said that Monday's opening is likely to reflect the fortunes of the pound in New York and the Far Eastern markets.

● Retail turnover has remained well below profitable levels, and mostly below the comparative daily totals for last year.

London SE volume



FINANCIAL TIMES STOCK INDICES

	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	[illegible]	88.50	88.54	88.62	88.60	85.65	89.75 (3/7)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	[illegible]	[illegible]	105.10	105.23	105.15	94.80	106.35 (6/7)	97.15 (2/1)	106.35 (6/7/92)	50.53 (3/1/75)
Ordinary Share ⊕	[illegible]	[illegible]	[illegible]	1752.8	1766.2	2030.7	2149.7 (22/5)	1715.3 (12/8)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	[illegible]	[illegible]	82.1	81.1	81.6	173.2	160.6 (10/1)	80.2 (14/8)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	[illegible]	[illegible]	2363.5	2364.7	2376.1	2601.9	2737.8 (11/5)	2303.1 (12/8)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	[illegible]	[illegible]	1072.96	1072.68	1081.08	1168.21	1248.79 (11/5)	1065.09 (13/8)	1248.79 (11/5/92)	938.62 (18/1/91)
⊕Ord. Div. Yield	[illegible]	5.11	5.10	5.14	5.11	4.68				
⊕Earning Yld % full	[illegible]	7.40	7.39	7.47	7.47	7.82				
⊕P/E Ratio (Net)	17.0[illegible]	17.06	17.08	16.92	17.01	16.37				
SEAQ Bargains [illegible]	[illegible]	19,692	15,585	16,876	17,414	27,821				
Equity Turnover (£m) †		8[illegible]	78.0	730.1	643.1	1100.0				
Equity Bargains †		[illegible]	19,932	19,107	19,256	27,546				
Shares Traded (ml) †		376.1	349.4	313.8	340.3	457.8				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90 – [illegible]

Ordinary Share Index, Hourly changes Day's High 1766.6 Day's Low 1754.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
[illegible]	[illegible]	[illegible]	[illegible]	1761.6	1761.3	1759.8	1759.1	1756.1

FT-SE 100 Hourly changes Day's High 2376.3 Day's Low 2362.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2362.8	2367.2	[illegible]	[illegible]	2370.5	2370.7	2370.4	2369.3	2366.7

FT-SE Eurotrack 200, Hourly changes Day's High 1083.30 Day's Low 1072.62

Open	10.30 am	11 am	12 pm	1 pm	2 pm	3 pm
1075.2[illegible]	1075.22	1074.94	1074.43	1075.15	1075.57	1078.01

GILT EDGED ACTIVITY

Indices*	Aug 20	Aug 19
Gilt Edged Bargains	74.9	74.9
5 · Day average	79.1	80.1

*SE Activity 1974
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001 Calls charged at 36p/minute cheap rate, 48p/minute at all other times

Late fall knocks generators

THE TWO main power generators fell in late trading as word reached the market that Offer, the electricity industry watchdog, was turning up the heat in its dispute with the companies over pool prices. Hints began to circulate following a private lunch at S.G. Warburg attended by a top Offer official and industry chiefs.

The row over pool prices has been rumbling since privatisation 18 months ago. Last December, Offer found National Power and PowerGen had used their dominant position in the market to push up prices. The companies were rapped and the pool price system changed to halt the alleged abuses. However, this summer has seen the number of complaints from industrial users rise again prompting Offer's director general Prof Stephen Littlechild to write to the power companies demanding an explanation last month.

Yesterday, the Offer official applied further pressure reportedly saying that the explanations were not sufficient and the generators risked yet another price inquiry if fuller disclosures were not forthcoming. Shares in PowerGen which had been at 261p, up 6½, immediately fell back to close at 253p, a net fall of 1½ on the day. National Power ended at 232p, a fall of 2, after being 4 ahead at one stage.

Tesco deal

An attempt to sell a block of 13.7m shares in Tesco achieved only partial success, and a large chunk was left overhanging the market, sending the shares into retreat. Securities house Hoare Govett, acting on behalf of a large institution, was said to have brought the stock – around 0.7 per cent of Tesco's issued share capital – to the market at 230p early in the session.

However, suggestions that a big seller was around had been worrying the share price for some days. The stock opened weaker, slipping from 234p to 230½p as the big share block showed itself in the market. Dealers reported that less than half the shares had been taken up because of the narrow discount to the market price. By the close, turnover in Tesco showed only 6.6m traded, including one trade of 4.2m at the Hoare offer price.

Market sources indicated that the institution had withdrawn the rest of the stock on offer. One analyst commented: "Having a big, dissatisfied seller in the market, waiting to sell, is bound to have a continuing unsettling effect on the shares." They closed off 4 at 230p.

Wellcome wanted

Among pharmaceuticals, shares in Wellcome shot forward as the publicity shackles around the global share issue were removed and analysts who had been tied into the sale of some 290m shares were allowed to express their views. The stock opened firmly and held its gain all day to close 20 higher at 822 with 6.1m traded.

Robert Fleming, the merchant bank heading the issue on behalf of governing charity Wellcome Trust, announced yesterday that the "green shoe" share stabilisation operation had been lifted. Subsequently, US investment bank Lehman Brothers boosted its stance to buy from neutral and said it had only shaved its current year forecast by £5m to £505m despite the impact on earnings of a weaker US dollar.

Hoare Govett reinforced its buy stance arguing that the shares were set to outperform the sector now that the technical situation overhanging the stock had been removed. Meanwhile, Mr Robin Gilbert of agency broker James Capel said; "Wellcome is the fastest growing health and household stocks in the UK and we regard it as one of the most attractive drug stocks in the world."

Yield attractions helped British Gas improve 7¼ to 244p with 13m shares yesterday ahead of the privatised utility company's second-quarter figures, due on Tuesday. At a time when dividends are being cut, Gas is seen as one of the safest yield stocks in the market and particularly attractive to income funds whose fingers have been burnt by the performance of stocks such as BP. Forecasts range from a loss of £20m to a profit of £75m but second-quarter figures are less significant than the winter numbers because of the seasonal nature of Gas earnings.

Buyers of BP in the US were unable to match one large UK seller and the shares fell 3 to 190p on turnover of 13m.

Water stocks finished a bright week with a flourish as the sector continued to attract buyers on its defensive qualities and yield considerations. Among the main movers were Severn Trent, ahead 13 at 419p, Southern 12 at 407p, South West 14 to 423p and Thames 12 to 426p.

Similar qualities were being sought in the electricity utilities which, together with the forthcoming unbundling of the electricity package, sent shares forward. These included South West up 13 at 320p, Norweb 15 to 357p and Manweb 13 to 350p.

Magazine publisher Reed International recovered from recent falls as S.G. Warburg Securities published a comprehensive note reiterating its buy recommendation on the stock. Warburg has cut its 1993 profit forecast by £17m to £250m to reflect a slightly slower recovery than anticipated and currency weakness in the US where Reed generates around 40 per cent of operating profits. However, the house argues: "Reed is both poised for early recovery and equally resilient if it arrives at glacial speed." Reed shares rose 12 to 460p.

Selling of Carlton Communications bonds was said to have affected attitudes to the shares which slid 7 to 579p. The media group raised £64.25m from a convertible bond issue a month ago to fund small acquisitions.

Agency broker James Capel was said to be negative on English China Clays and the shares surrendered gains made earlier in the week on the back of a squeeze, ending 14 down at 485p. Hartstone continued to recover, gaining 11 to 150p.

Vague talk, suggesting Tomkins was about to make a big acquisition caused the shares to give up 4 to 430p. Thorn EMI's lighting division was said to be in Tomkins' sights. Thorn shares rose 3 to 711p. Its security business has been mooted to be wanted by Williams Holdings, which firmed 7 to 250p in trade of 2.2m.

Insurance broker Willis Corroon fell 14 to 156p with County NatWest slashing profit estimates by around £33m to £60m for this year and £61m for next. The house forecasts a halved dividend in 1993 and says the shares are a sell down to 125p.

British Aerospace hardened 2 to 210p, with Henderson Crosthwaite the day's main buyer. Mr Brian Newman at the agency broker believes the stock is oversold and says the company has "the highest sales to market capitalisation in the FT-SE". He expects new orders, both civil and military to be announced soon.

Inchcape continued to benefit from an S.G. Warburg buy recommendation earlier in the week and jumped 18 to 404p.

A stock overhang weakened Siebe and the shares gave up 7 to 606p.

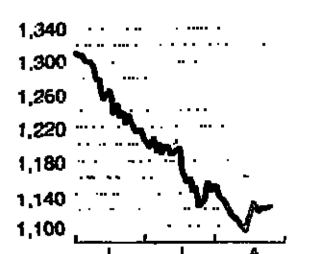
A line of 250,000 BBA shares, reportedly on offer, weakened the stock 3 to 132p. There was a small agency cross carried out at 134¼p. A squeeze boosted TI Group and the shares firmed 7 to 269p.

Food group Booker retreated 8 to 378p following a Nomura downgrade.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Christopher Price.

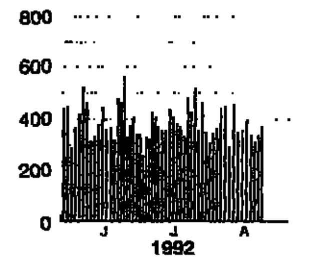
■ Other market statistics, Page 9.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (11).
ELECTRICITY (1) Southern, ELECTRONICS (1) MMT, INSURANCE COMPOSITE (1) FBD, INVESTMENT TRUSTS (1) EFM Japan Wts., MEDIA (1) CIA, TRANSPORT (1) Dawsongroup, WATER (5) Anglian, Northumbrian, Severn, Wessex, Yorkshire.
NEW LOWS (117).
AMERICANS (2) Bowater Inc., IBM, CANADIANS (1) Derlan, BANKS (2) Natl Australia, Standard Chrtd., BREWERS & DISTILLERS (2) Greenalls 5.95pc Pf, Vaux, BUILDING MATERIALS (5) BMSS, Breedon, Cape, Erith, Hewetson, BUSINESS SERVICES (4) African Lakes, Gardiner, Proudfoot, Scott Pickford, CHEMICALS (4) Caird, Ellis & Everard, Evode, Laporte, CONGLOMERATES (1) Cannon St., CONTRACTING & CONSTRUCTION (7) Allen, Ashtead, Avonside, Birse, Costain, Countryside, Westbury, ELECTRICALS (1) Electrolux, ELECTRONICS (6) Amstrad, Graseby, Kalamazoo, Logica, Prestwick, ENGINEERING GENERAL (9) Alvis, Bridport-Gundry, Brooke Tool, Dobson Park, Ferrum, Haden MacLellan, Hill & Smith, Kvaerner, Molins, FOOD MANUFACTURING (6) Armour, Clifford N/V, Perkins, Sheldon, Sims, Unigate, FOOD RETAILING (1) Albert Fisher, HEALTH & HOUSEHOLD (1) Crown Eyeglass, HOTELS & LEISURE (1) Airbreak, INSURANCE BROKERS (7) Bradstock, Heath, Hogg, JIB, Lloyd Thompson, Steel Burrill J., Willis Corroon, INSURANCE COMPOSITE (1) Baltica, INVESTMENT TRUSTS (11) Cont Assets Wts., Finsbury Growth, Finsbury Tst., Flmg. Intl. High Inc., Gartmore Value Zero Pf, German Inv., M & G Inc. Geared Uts., Kleinwort Dev. Fd., M & G Recovery Zero Pf, Schroder Korea Fd., Throg 1000 Smllr Co's, MEDIA (3) Aegis, Osprey Comms., Reed Intl., MISCELLANEOUS (6) Altwoods, Flagstone, Nu-Swift, Office & Elect., Ricardo, Wilton, MOTORS (1) Volvo, OIL & GAS (5) Aberdeen, Aminex, Arcon, Norsk Hydro, Triton Europe, OTHER FINANCIAL (4) Aitken Hume, Bancaire, Camellia, FNFC 6.3pc Pf, OTHER INDUSTRIAL MATERIALS (1) Brown & Tawse, PACKAGING, PAPER & PRINTING (3) Kymmene, Repola, Wentworth, PROPERTY (8) Slifton, Brixton Est., Bucknall, Capital & Regional, Grainger, Regalian, Tops Ests., UK Land, STORES (3) Amber Day, Ashley (L), Mallett, TELEPHONE NETWORKS (1) GN Great Nordic, TEXTILES (4) Courtaulds, Gaskell, Parkland, Worthington, TRANSPORT (4) Graig, Noren, TNT, Vard, MINES (3) FS Cons., Indonesian Diamond, Vaal Reefs.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	0	68	8	98	173	107
Other Fixed Interest	0	11	4	27	26	22
Commercial, Industrial	226	288	923	1,145	1,384	4,656
Financial & Property	127	94	580	528	661	2,820
Oil & Gas	13	18	55	74	95	261
Plantations	1	1	7	1	6	38
Mines	34	15	100	144	130	471
Others	38	26	56	190	171	245
Totals	439	521	1,733	2,207	2,646	8,620

TRADING VOLUME IN MAJOR STOCKS

	Volume 000s	Closing Price	Day's change
[illegible]	591	[illegible]	3
[illegible]	[illegible]	132	
Courtaulds	117	451	
Dalgety	1,100	[illegible]	2
De La Rue	288	546	6
Dixons	2,500	201	+5
Eastern Elect	1,600	287	+8
East Midland Elec	1,500	312	+5
Eng China Clays	963	485	14
[illegible]	152	360	2
Eurotunnel Units	437	354	+3
FKI	173	77	½
Fisons	3,300	167	-4
Forte	1,600	127	3
Gen Accident	704	435	4
General Elect	5,000	278	-7
Glaxo	2,600	730	+1
Glynwed Int	77	206	
Granada	1,700	241	+1
Grand Met	3,300	420	2
GUS A	227	1408	+4
GRE	1,500	130	+1
GKN	671	370	
Guinness	2,300	524	2
HSBC (75p shs)	2,900	316	-4
Hammerson A	268	208	-3
Hanson	5,600	193	+1
Hanson Warrants	2,900	18¼	
Harrisons Crosfield	688	125	+2
Hillsdown	5,000	97	+3
IMI	933	232	-2
ICI	833	1112	+4
Inchcape	726	403	+16
Kingfisher	672	453	+3
Kwik Save	215	662	+2
Ladbroke	5,300	147	+6
Land Securities	680	368	+1
Laporte	204	481	-6
Legal & General	398	310	+5
Lloyds Abbey	1,000	308	-5
Lloyds Bank	2,300	406	+3
LASMO	2,000	139	-3
London Elect	1,000	309	+7

	Volume 000s	Closing Price	Day's change
Lonrho	2,700	76	-2
Lucas	487	99	
MB Caradon	477	232	-1
MEPC	245	238	-1
Manweb	880	350	+13
Marks & Spencer	2,900	294	-4
Midlands Elect	3,000	335	+11
NFC	1,400	245	+3
NatWest Bank	2,800	323	+2
National Power	2,600	232	-2
Next	560	90½	
North West Water	1,000	445	+9
Northern Elect	448	339	+12
Northern Foods	961	251	-4
Norweb	802	357	+15
Pearson	7,000	327	-3
P & O	400	331	-1
Pilkington	1,700	88	-1
PowerGen	3,400	253	-1½
Prudential	2,000	232	+1
RHM	755	159	-1
RMC	143	860	9
RTZ	417	530	-1
Racal	2,900	64¾	+½
Rank Org	1,300	536	+9
Reckitt & Colman	342	575	-8
Redland	639	403	-7
Reed Intl	986	460	+12
Rentokil	1,300	147	
Reuters	134	1044	+11
Rolls Royce	2,800	140	+1
Rothmans	84	1038	2
Ryl Bk Scotland	3,300	157	-3
Royal Insurance	2,100	163	-5
Saatchi	110	139	+2
Sainsbury	7,500	449	+5
Scottish & New	3,100	432	-2
Scot Hydro Elect	1,100	201	+2
Scottish Power	2,100	184	+2
Sears	2,700	67½	+½
Sedgwick	3,400	109	-4
Seeboard	414	319	+7
Severn Trent Water	1,500	419	+13

	Volume 000s	Closing Price	Day's change
Shell Transport	2,800	467	+4
Siebe	1,100	606	-7
Slough Ests	457	100	
Smith (W H) A	321	377	-6
Smith & Nephew	2,500	136	+1
SmKl Beecham	2,200	461	+4
SmKl Beecham Uts	950	415	+5
Smiths Inds	83	376	+1
Southern Elect	2,300	328	+12
South Wales Elect	1,100	374	+5
South West Water	158	423	+14
South West. Elect	687	320	+13
Southern Water	1,600	407	+12
Standard Chartd	1,100	378	-1
Storehouse	871	119	-1
Sun Alliance	815	240	-3
T&N	2,000	134	-3
TI Group	308	270	+7
TSB	1,900	139	+1½
Tarmac	1,400	71	
Tate & Lyle	540	386	-3
Taylor Woodrow	1,200	54	+8
Tesco	6,600	230	-4
Thames Water	2,500	436	+12
Thorn EMI	1,200	711	+3
Tomkins	486	430	-4
Trafalgar House	3,000	48	-½
Unigate	67	245	-3
Unilever	660	949	+3
United Biscuits	2,500	301	+1
Utd Newspapers	290	372	-2
Vodafone	1,500	316	+4
Warburg (SG)	833	412	+1
Wellcome	8,100	822	+20
Welsh Water	199	461	+9
Wessex Water	210	618	+12
Whitbread A	756	397	
Williams Hldgs	2,200	250	+7
Willis Corroon	5,000	156	-14
Wimpey	173	112	
Wolseley	418	328	-5
Yorkshire Elect	1,400	367	+10
Yorkshire Water	1,500	475	+9

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or [illegible]

EQUITY FUTURES AND OPTIONS TRADING

STOCK index futures surrendered early gains as concern over sterling once again dominated the market, writes Joel Kibazo.

The September contract on the FT-SE opened firmly at 2,385 on the back of the overnight firmness in Tokyo, gently creeping forward reaching 2,395 just before the mid-morning expiry of the FT-SE 100 option at 10.30am.

Concerns about sterling then gained the upper hand and September slipped back, trading in a narrow range of 2,380 and 2,387 for the next few hours. The additional weakening of sterling and the other fixed interest markets sent September into further retreat. There was also sizeable selling, particularly by independent traders, unwilling to go long at the end of the account.

September eventually finished at 2,374, down 5 on its previous close and around 8 points above its estimated fair value premium to cash of about 12. Turnover was a moderate 7,668.

The main feature in the traded options was the 10.30am expiry of the August FT-SE 100 option. Turnover reached 22,572, with the FT-SE 100 trading 6,648 lots.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	110.8317	-0.077	8.39	8.55	8.70
BELGIUM		8.750	06/02	98.5500	+0.050	8.97	8.99	8.93
CANADA *		8.500	04/02	109.4000	+0.200	7.13	7.26	7.76
DENMARK		9.000	11/00	96.1200	-0.030	9.68	9.53	9.27
FRANCE	BTAN	8.500	03/97	96.3914	-0.065	9.48	9.35	9.35
	OAT	8.500	11/02	96.7400	+0.120	8.98	8.96	9.01
GERMANY		8.000	07/02	100.5600	-0.030	7.91	7.95	8.05
ITALY		12.000	05/02	93.6000	+0.250	13.61†	13.79	13.90
JAPAN	No 119	4.800	06/99	100.0515	-0.310	4.79	4.83	5.17
	No 129	6.400	03/00	109.0703	-0.098	4.77	4.82	5.07
NETHERLANDS		8.250	06/02	99.5750	+0.110	8.31	8.31	8.38
SPAIN		10.300	06/02	89.4250	-0.175	12.18	12.07	12.32
UK GILTS		10.000	11/96	101-14	-5/32	9.56	9.48	9.31
		9.750	08/02	103-01	-10/32	9.27	9.23	9.09
		9.000	10/08	99-25	-9/32	9.02	8.99	8.92
US TREASURY *		6.375	08/02	99-24	+14/32	6.41	6.54	6.81
		7.250	08/22	99-20	+16/32	7.26	7.34	7.60
ECU (French Govt)		8.500	03/02	94.7300	-0.180	9.35	9.33	9.38

London closing. *denotes New York morning session. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday August 21 1992

Water	+	33.62
Electricity	+	11.55
Electronics	+	11.48
Food Retailing	+	9.29
Motors	+	5.06
Other Industrial Materials	+	5.03
Banks	+	3.92
Other Groups	+	0.94
Telephone Networks	+	0.26
Media	+	0.21
Packaging, Paper & Printing	-	0.12
Brewers & Distillers	-	1.38
Stores	-	2.31
Industrial Group	-	3.15
Capital Goods	-	3.20
Textiles	-	3.43
Transport	-	4.81
500 Share Index	-	4.90
Engineering-General	-	4.91
All-Share Index	-	5.49
Consumer Group	-	5.68
Engineering-Aerospace	-	6.00
Electricals	-	6.05
Insurance (Life)	-	6.76
Chemicals	-	7.13
Food Manufacturing	-	8.38
Financial Group	-	8.64
Merchant Banks	-	9.54
Investment Trusts	-	9.84
Conglomerates	-	11.01
Metals & Metal Forming	-	11.41
Business Services	-	11.82
Insurance (Composite)	-	12.80
Health & Household	-	13.45
Building Materials	-	16.08
Hotels & Leisure	-	16.91
Oil & Gas	-	17.92
Contracting, Construction	-	32.50
Property	-	34.38
Gold Mines Index	-	40.17
Insurance Brokers	-	41.82

WEEK IN THE MARKETS

Cautious response to coffee rally

LONDON COFFEE traders, having repaired most of the damage done in their market last week, yesterday remained far from bullish about the near-term prospects for coffee prices.

As the December position closed at $752 a tonne, representing a rally of $29 following last week's $40 setback, dealers noted that the market remained extremely thin – average daily turnover was 2,772 lots of 5 tonnes, compared with 5,581 in the corresponding week last year – and suggested that more fundamental support was needed to lend strength to the recovery.

Most thought the rise was a correction to a fall last week that had been unduely influenced by the weakness of the New York coffee market. The market for the mild arabica coffee variety that is traded in New York had become heavily oversupplied and that had pushed prices down to 17-year lows. But supplies of the coarser robusta type traded in London remained relatively tight and dealers saw no reason why they should have followed last week's fall in arabica prices.

New York coffee futures recovered from a fresh 17-year low of 51 cents a lb reached on Monday and in late trading yesterday the December position was quoted at 53.95 cents a lb, 0.55 cents up from the end of last week.

Brazilian and Colombian officials are to meet in Bogota on Monday to prepare for the next round of talks on renegotiating the moribund International Coffee Agreement. But Mr Celsius Lodder, director of the Brazilian Department of Supply and Prices and one of the leaders of the Brazilian delegation, was at pains this week to play down the significance of the meeting. He said the countries, the two biggest coffee producers, frequently met to exchange ideas prior to the London sessions. He added that they would not be discussing a change in position at next week's meeting. "We don't think that a unilateral producers' accord would be appropriate," he said.

Under the ICA producing and consuming countries co-operated in an export quota system intended to ensure reasonable prices for growers. But the pact collapsed in July 1989 when the two sides failed to reach agreement on renegotiation proposals.

London cocoa prices began the week with an extension to last week's sharpish fall, before recovering on trade buying in New York and deepening concern about dry growing conditions in West Africa. But the more buoyant sentiment, which lifted the December futures position to £657 a tonne on Wednesday, quickly evaporated and by yesterday's close December cocoa was quoted at £641 a tonne, £3 lower on the week.

At the London bullion market the gold price traded in a fairly narrow range following last week's fall of $15.50 a troy ounce. After falling 20 cents yesterday on reports Middle Eastern selling the price closed at $337.45 an ounce, up $2 on the week.

Platinum, which fell even more steeply last week – by $31 to $346.25 an ounce – continued the decline on Monday as market confidence was hit by a further fall in Japan's Nikkei stock index. Japan is traditionally platinum's chief buyer. But most of that day's $4.50 fall was recovered on Tuesday, in response to a wave of Japanese buying, and a $5.40 rise yesterday, encouraged by a rally in the Nikkei, left the white metal $6 up on the week at $352.25 an ounce.

Trading at the London Metal Exchange remained in the doldrums and the only substantial price movements were for copper and zinc, both of which were firm.

The copper market reversed the downtrend of the past few weeks with cash metal gaining £23.50 to close yesterday at £1,318.50 a tonne. The rise started in New York on Monday night when short-covering was prompted by concern that last week's 2.4 cents a lb fall had left the market oversold. There were suggestions that the continuing rise was fueled by locals (traders operating on their own account) who had been caught short by the initial rally. After a pause for consolidation in mid-week the rise was resumed, despite news that Polish copper workers had suspended their month long strike.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+15,825	to 1,341,400
Copper	+3,900	to 262,325
Lead	-60	to 150,550
Nickel	+576	to 42,732
Zinc	+2,250	to 348,125
Tin	+150	to 14,650

Technical tightness appeared to be the chief factor behind the $27.50 rise in the cash zinc price to $1,364 a tonne, which defied a further rise in LME warehouse stocks to a fresh record. The cash premium over the three months price widened from $7 a tonne at the end of last week to $29.25 at yesterday's close.

Richard Mooney

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	111.6	112.8	118.7	..	0.00
AIB Grofund Equity	5	166.4	168.5	178.3	+0.40	2.75
AIB Grofund Euro ♦	5	124.1	125.9xd	132.5	+0.10	1.20
AIB Grofund Gilt	3	69.87	69.90xd	72.06	+0.02	6.61
AIB Grofund Japan	5	93.62	94.70	99.68	+5.90	0.00
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	120.2	120.2	127.4	-0.1	8.12
High Inc Equity	6	113.0	115.9xd	123.2	..	6.90
Worldwide Bond	6	213.4	213.4xd	226.2	+0.2	6.29
Capital Growth						
American Growth	6	186.1	186.1	199.0		.49
Asian Pacific	6	129.9	133.2	141.6	+1.0	.80
Assets & Earnings	6	168.7	168.7	180.4	+0.1	1.87
Capital Reserve Acc	0	117.4	117.4	117.4	..	7.65
Capital Reserve Inc	0	86.85	86.85	86.85	..	7.65
Comdty & Energy	6	57.42	57.42	61.41	-0.16	1.55
1992 Enterprise	6	63.31	63.31	67.71	+0.12	4.40
Euro Capital Acc	6	85.42	85.42	91.35	+0.06	1.14
Euro Capital Inc	6	80.95	80.95	86.57	+0.06	1.16
General	6	152.7	152.7xd	163.3	..	3.55
Japan	6	65.99	65.99	70.57	+1.17	-
Mastertrust	6	80.16	80.16	85.73	+0.09	2.74
UK Growth Acc	6	140.8	148.8	158.2	+0.2	3.09
UK Growth Dist	6	88.90	93.96	99.95	+0.18	3.09
US Emerging Cos	6	66.06	66.06	70.65	-0.35	-
Income & Growth	6	269.9	269.9	288.6	-0.7	4.85
Ethical	6	48.04	49.42	52.57	-0.08	6.45
International	6	54.76	55.65	59.20	+0.05	1.86
Dividend & Growth	6	42.64	43.62xd	46.40	-0.06	6.47
Global Gwth & Sec	6	54.49	54.72	58.21	+0.15	5.43
Aberforth Unit Trust Managers Ltd (1600)F						
16 Chester St, Edinburgh EH3 7RA 031 220 0733						
UK Small Cos	0	968.0	968.0	1024.0		-
Abtrust Unit Trust Managers Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	29.67	29.67	31.38	+0.06	2.69

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Brycourt Unit Tst Mgmt Ltd (1400)F						
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382						
Income Growth	1	161.2	161.2	166.0		7.00
Buckmaster Mangmt Co Ltd (1200)H						
15 St Botolph Street, London EC3A 7JJ 071-247 4642						
Fellowship Tst ♥	5¼	45.96	45.96	48.72	+0.07	4.02
(Accum Units) ♥	5¼	50.35	50.35	53.37	+0.07	4.02
Income	5¼	161.7	164.0	174.5	-0.4	5.57
(Accum Units)	5¼	359.0	364.1	387.4	-0.9	5.57
Smaller Co's	5¼	87.18	87.18	92.41	+0.22	3.77
(Accum Units)	5¼	102.6	102.6	108.8	+0.3	3.77
Inv Portfolio ♥	3	50.67	50.67	52.44	-0.04	3.21
(Accum Units) ♥	3	56.76	56.76	58.75	-0.04	3.21
High Income Port ♦	3	45.74	46.62	48.31	+0.09	6.14
Burrage Unit Tst Mangmt Ltd (0905)F						
117 Fenchurch St, London EC3M 5AL 071-480 7216						
Short Dated Gilt	1¼	63.25	63.25	64.11	+0.03	7.30
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green, W12 8SD 081-740 7070						
UK General Tst	5½	47.87	48.99	52.12	+0.18	2.86
Global Tst	5½	36.14	37.16	39.53	+0.05	0.35
Recovery Tst	5½	45.21	46.29	49.24	-0.21	1.92
CIS Unit Managers Ltd (1000)F						
PO Box 105, Manchester M60 0AH 061 837 5060						
Environ	6	102.6	105.1	111.9	..	2.46
UK Growth	6	110.1	111.8xd	119.0	-0.1	3.07
UK Income	6	95.27	96.91	103.1		5.98
For CS Fund Mngrs see City Financial UT						
Canada Life Unit Tst Mgrs Ltd (1200)F						
High St, Potters Bar, Herts, EN6 5BA 0707 51122						
Can Gen Dist	6	131.9	134.6xd	142.7	+0.5	3.50
Do Gen Accum	6	241.8	246.8	261.6	+0.9	3.50
Do Income Dist	6	78.94	81.03	85.89	-0.08	7.01
Do Inc Accum	6	213.8	219.4	232.6	-0.2	7.01
Gilt & Fxd Int	6	37.31	37.36xd	39.61	+0.04	7.37
Cannon Fund Managers Ltd (1200)H						
1 Olympic Way, Wembley HA9 0NB						
081-902 8876 Dealing: 0800 282621						
Growth	5¾	35.52	35.69xd	38.17	-0.15	3.98
Income	5¾	40.37	40.37xd	43.18	-0.23	6.24
Far East	5¾	29.17	29.17	31.20	+1.32	0.48
North American	5¾	52.38	52.38	56.32	-0.17	0.01
Global	5¾	55.62	56.22	60.13	+0.34	1.09

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mercury Fund Managers Ltd (1000)H						
33 King William St, EC4R 9AS 071-280 2060						
American	5	124.0	124.0	132.0	-0.60	0.00
(Accum Units)	5	132.6	132.6	141.2	-0.50	0.00
American Opps	5	49.51	49.51	52.82	-0.44	0.00
(Accum Units)	5	50.19	50.19	53.54	-0.45	0.00
British Blue Chip	5	59.15	59.15	63.10	-0.08	4.23
(Accum Units)	5	67.66	67.66	72.17	-0.11	4.23
Cash °	0	100.7	100.7	100.7	..	9.72
(Accum Units) °	0	124.2	124.2	124.2	+0.01	9.72
European Growth	5	148.0	148.0xd	156.6	-0.40	0.57
(Accum Units)	5	158.6	158.6xd	167.8	-0.40	0.57
European Income	5	58.68	58.68	62.11	-0.09	3.78
(Accum Units)	5	73.44	73.44	77.75	-0.10	3.78
General	5	361.2	362.7	386.9	+0.10	3.31
(Accum Units)	5	671.3	674.1	719.1	+0.30	3.31

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
PO Box 124, 51/59 Rose Lane, Norwich 0603 682234						
Master Trust	6	82.73	82.73	87.99	+0.07	4.03
UK Equity†	6	98.46	99.94xd	106.32	-0.21	4.80
UK Equity Income	6	94.05	95.80	101.92	-0.42	6.09
UK Smaller Co's	6	82.66	84.99xd	90.42	+0.14	3.34
UK Equity Growth	6	92.68	94.24	100.25	-0.30	5.22
UK Index Tracking ♦ F	6	96.96	97.39	103.52	-0.32	4.77
Intl Index Tracking F	6	88.46	89.22	94.92	+2.05	1.63
International	6	143.76	143.26	152.40	+1.73	2.21
European	6	114.14	115.18xd	122.53	+0.27	1.61
Pan European	6	87.07	88.08	93.70	+0.11	3.56
Nth American	6	115.22	116.40	123.83	-0.01	2.19
Nth Amer Smllr Cos	6	101.21	103.29xd	109.88	+0.24	0.59
Japanese	6	48.64	49.29	52.39	+2.71	0.72
Pacific	6	111.06	112.65	119.84	+2.28	1.45
South East Asian	6	110.71	112.44	119.62	+0.82	1.51
International Bond	6	102.51	102.65xd	109.20	+0.32	6.22
Gilt & Convertible	6	98.81	99.01	105.33	+0.21	7.88
Property F	6	66.89	68.79	73.18	-0.01	5.71
Cash Deposit Accum F	0	102.48	102.48	102.48	+0.02	9.14

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

FT MANAGED FUNDS SERVICE

• Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's

Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

Storebrand Intl Inv Mngrs Ltd (1200)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

Sun Alliance Unit Tst Mngmt Ltd (1200)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 690390

Sun Life of Canada Unit Mgrs Ltd (1000)H
Basingstoke, Hants 0800 525725

Sun Life Trust Mngmt Ltd (1200)H

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts (1200)H

T.U. Fund Managers Limited (1200)H

Target Trust Mngrs Ltd (1200)F

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngrs Ltd (0900)F

United Charities Unit Trusts (1000)H

Waverley Unit Tst Mngmt Ltd (1000)F

Whittingdale Unit Tst Mngt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities/Charibond

CAFINVEST-Charities Aid Foundation

COIF-Charities Official Inv Fds

Charity Fixed Int Fd/Charity Equity Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Fledgeling Charity Portfolio

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Unit Management Ltd

Funds in Court

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Morgan Stanley International

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd.

Schroder Unit Trusts

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

INSURANCES

Abbey Life Assurance Co Ltd

Albany Life Assurance Co Ltd

AEGON Life Assurance (UK) Ltd

AEtna Life Insurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Assurance

Britannic Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Consolidated Life Assurance Co Ltd

Cornhill Insurance PLC

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Eurolife Assurance Company Ltd

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Gresham Life Assurance Ltd

Growth & Sec. Life Assce. Sec. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Company

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Assurance

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

Manulife Group

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

N & P Life Assurance Ltd

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Norwich Union Pensions Management Ltd

Continued on next page

FT MANAGED FUNDS SERVICE

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Pearl Assurance (Unit Funds) Ltd

Lynch Wood, Peterborough PE2 6FY 0733 470470

	Bid Price	Offer Price	+ or −	Yield Gross
Property Dist. (Gross)	134.6	141.7	−1.5	−
Property Acc. (Gross)	256.5	270.0	−2.9	−
Equity (Gross)	809.8	852.5	−0.5	−
Managed (Gross)	578.0	608.4	+0.9	−
Property Acc. (Net)	122.7	129.1	−1.3	−
Equity (Net)	189.1	199.1	−0.1	−
Adventurous Managed	87.6	92.2	+0.3	−
Managed (Net)	178.6	188.0	+0.3	−
Cautious Managed	96.1	101.2	+0.1	−
International (Net)	152.2	160.2	+2.1	−
Gilt & Fixed Interest	142.1	149.6	+0.1	−
Money Fund	141.2	148.6	----	−
Mixed Fund (Cap)	108.7	114.5	----	−
Mixed Fund (Acc)	113.3	119.3	----	−
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	626.0	659.0	+2.1	−
Ret Man (Series 2)	212.3	223.5	+0.7	−
Ret Cash	199.7	210.3	+0.1	−
Pens Mixed Fd (Cap)	119.0	125.3	----	−
Pens Mixed Fd (Acc)	124.1	130.7	----	−
Pens Stlg Fd (Cap)	104.4	109.9	----	−
Pens Stlg Fd (Acc)	108.6	114.6	----	−

Premium Life Assurance Co Ltd

37–39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or −	Yield Gross
American	120.0	127.0	−1.0	−
Building Soc. Fd	225.0	237.0	----	−
Balanced	251.0	265.0	----	−
European	199.0	210.0	+1.0	−
GT Managed	171.0	180.0	----	−
Gartmore Mngd	115.0	122.0	----	−
German	124.0	131.0	----	−
Gilt	168.0	177.0	----	−
Global	35.0	37.0	----	−
International Equity	179.0	189.0	----	−
Japan	136.0	144.0	+5.0	−
Leisure	47.0	50.0	----	−
Managed	39.0	42.0	−1.0	−
Property	300.0	316.0	----	−
UK Equity	227.0	239.0	−1.0	−
Pension Funds				
American	235.0	248.0	----	−
Building Soc. Fd	242.0	255.0	----	−
Balanced	211.0	223.0	----	−
European	220.0	232.0	+2.0	−
German	123.0	130.0	----	−
Gilt	161.0	170.0	----	−

Provident Mutual Life Assc. Assn. – Contd.

	Bid Price	Offer Price	+ or −	Yield Gross
Pension Funds				
Managed Ord	440.0	463.2	+1.1	−
Managed Init	319.6	336.4	+0.8	−
Equity Ord	670.8	706.1	+0.5	−
Equity Init	487.2	512.8	+0.4	−
Pen Ind Lkd Gilt Ord	184.5	194.2	−0.3	−
Pen Ind Lkd Gilt Init	139.9	147.3	−0.2	−
Overseas Equity Ord	271.7	286.0	+3.2	−
Overseas Equity Init	197.3	207.7	+2.3	−
Property Ord	281.8	296.6	+0.1	−
Property Init	204.7	215.5	+0.1	−
Fixed Interest Ord	293.7	309.2	+0.4	−
Fixed Interest Init	213.3	224.5	+0.2	−
Deposit Ord	272.3	286.6	+0.1	−
Deposit Init	197.8	208.2	+0.1	−

Prudential Assurance Co

Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or −	Yield Gross
Prufund				
Managed Aug 19	241.7	251.8	----	−

Prudential Corporate Pension Funds

1 Stephen St, London W1P 2AP 071-548 3281

	Bid Price	Offer Price	+ or −	Yield Gross
Prudential Managed Funds				
Discretionary Aug 12	£173.67	179.16	----	−
Equity Aug 12	£198.25	205.03	----	−
International Aug 12	£24.29	24.95	----	−
Intl Bond Aug 12	£14.26	14.44	----	−
Fixed Int Aug 12	£106.15	107.35	----	−
Index Linked Aug 12	£75.48	76.44	----	−
Property Aug 12	£110.22	116.28	----	−
Cash Aug 12	£31.2105	31.2105	----	−
Pre-Linked Retirement Plan				
Managed Aug 11	417.6	439.0	----	−
Cash Aug 11	286.4	298.4	----	−
Prudential Pensions Investment Account				
Pens Mngd Aug 24	167.9	180.5	+0.5	−
Pens UK Eq Aug 24	293.9	316.9	−0.1	−
Pens Intl Aug 24	179.2	192.2	+2.2	−
Pens Global Eqty Aug 24	92.4	97.3	+0.3	−
Pens Fixed Aug 24	241.3	254.8	+0.1	−
Pens Index Lk Aug 24	191.8	202.6	−0.4	−
Pens Property Aug 24	90.0	94.8	----	−
Pens Cash Aug 24	186.9	197.0	----	−
Money Purchase Plan				
Discretionary Aug 21	93.0	99.7	−0.1	−
Equity Aug 21	96.5	103.7	−0.2	−
International Aug 21	77.8	83.1	----	−
Global Equity Aug 21	90.6	97.2	−0.2	−

Scottish Amicable

Sun Alliance Group

Windsor Life Assur Co Ltd – Contd.

Royal Life Intl. Ltd – Contd.

Fidelity Money Funds – Contd.

Provident Mutual Life Assc. Assn.

Professional Life Assurance Co Ltd (z)

Prolific Life & Pensions Ltd

Prosperity Life Assurance Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Prudential Individual Life Funds

Prudential Individual Pension Funds

Reliance Mutual

J Rothschild Assurance PLC

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

Swiss Pioneer Life Plc

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (REGULATED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

هكذا من الأصل

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ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

August 21	US$	+ or −
AAR Corp	12⅞	....
AMP Inc	53⅜	+¼
AMR Corp	56⅜	−⅜
ASA	36¼xd	+⅛
Abbott Labs	29⅞	−⅝
Acme Cleveland	6⅞	−⅛
Advanced Micro	8½	−⅛
Aetna Life	40	−⅛
Affiliated Publ	11⅛xd	−⅛
Aflac	32¼xd	−⅛
Ahmanson (HF)	15¼	−⅛
Air Prod & Chemical	42⅝	+⅛
Alberto-Culver B	23⅝	−⅛
Albertson's	39⅞	−⅛
Alcan Aluminum	18¾xd	−½
Alco Standard	34⅝xd	−⅜
Alexander & Alex	24	..
Alex & Baldwin	22¼	−¼
Allegheny Power	48⅛	+⅛
Allied Signal	52⅝xd	−⅜
Aluminum Co of Am	65¼	−2⅝
Amax	17⅜	−⅛
Amdahl Corp	12⅞	−¼
Amerada Hess	47⅛	−1⅛
Amer Brands	46⅛	−⅛
Amer Cyanamid	59⅝	−¼
Amer El Power	33⅛	−¼
Amer Express	21	−½
Amer Genl Corp	49⅞	....
Amer Greetings Cl A	41⅛xd	−⅞
Amer Home Pr	74½xd	−1
Amer International	94⅜	−⅛
Amer Natl Ins	42½	−½
Amer Stores	36⅞	+¼
Amer T & T	42⅝	−½
Ameritech	69½	−⅛
Ames Dept Stores	0.56	+0.06
Ametek Inc	15⅜	+¼
Amoco	50⅜	−1⅛

August 21	US$	+ or −
Coors (Adolph)	19¼	+⅛
Corestates Finl	49⅞	−⅜
Corning Inc	36	−¼
Crane	24½	−⅜
Cray Research	23⅜	....
Crown Cork & Seal	32⅝	−⅜
Cummins Engine	65¾	−⅞
Curtiss-Wright	29	−⅛
Cypress Semicond	8⅞	...
Cyprus Minerals	29⅝	−⅛
DSC Commun	6⅛	−⅛
DQE	31⅝	+¼
Dana Corp	36¼	−1⅛
Data General	7⅜	−⅛
Dayton Hudson	65⅛xd	−⅛
Deere	40	−½
Delmarva Pow & L	23⅜	+⅛
Delta Air Lines	49⅛	−1
Deluxe Corp	42⅝	−⅛
Detroit Edison	33⅛	−⅛
Dial Corp Del	37⅞	+⅜
Diebold Inc	54⅝	−⅛
Digital Comms	18½	+⅛
Digital Equipment	34¼	−¼
Dillard Dept St	35½	−⅛
Disney (Walt)	33⅝	−⅛
Dole Food Inc	29½	−⅛
Dominion Res	40⅝	...
Donelley (RR)&Sons	58⅛	−¼
Dover Corp	41⅞	−¼
Dow Chemicals	55⅛	−1¼
Dow Jones	33¼	−⅛
Dravo Corp	7	....
Dresser	20⅝	−½
Dreyfus Corp	34⅜	....
Duke Power	36⅛xd	−¼
Dun&Bradstreet	55⅛xd	−⅛
Du Pont	50⅜xd	−⅜
E G & G Corp	22⅛	−⅛
E-Systems	36⅞	−⅛

August 21	US$	+ or −
Kerr-McGee	45¼	..
KeyCorp	31½	−⅛
Kimberly-Clark	57⅛	+⅛
King World Prods	25¼	−½
Knight-Ridder	60¼	....
Kroger	11⅜	...
LSI Logic	5½	−⅛
Legget & Platt	22⅜	−¼
Leucadia Natl	63⅜	−½
Lilly (Eli)	66¾xd	−1¼
Limited Inc	21¼	+¼
LIN Broadcasting	68⅜	−1⅛
Lincoln Nat	63	....
Litton	45⅛	−⅞
Liz Claiborne	36⅝	−⅛
Lockheed Corp	47⅞xd	−⅛
Loews Corp	118	−1
Lone Star	2.87	−0.13
Long Island Light	25¼	....
Longs Drug Stores	36½	−⅛
Loral Corporation	37¼xd	−¼
Lotus Dev Corp	17¼	+⅛
Louisiana Land	37⅞	−½
Louisiana Pacific	43½xd	−½
Lowe's Co Inc	18⅜	−½
Lubrizol	64	+¼
MA Comm Inc	4.75	....
MCI Commun	32½	−½
Mac Frugals Bargain	10	+⅛
Manor Care	20¼xd	+⅛
Manville Corp	8½	−⅛
Mapco Inc	58¼xd	−⅛
Marion Merrell	27⅞	−⅛
Marriott	16	−⅛
Marsh & McLennan	79¼	+¼
Martin Marietta	55¼	−⅛
Masco Corp	26¼	−¼
Massmutual Corp	28	...
Mattel Inc	22¼	−⅜

August 21	US$	+ or −
Cons Edison	30⅜xd	−⅛
Cons Freightways	12⅝	−⅜
Cons Nat Gas	45⅜	−¼
Cons Paper	40½	....
Cons Rail	81½	−1⅝
Contl Bank Corp	17	...
Contl Corp	33¼	+⅛
Cooper Inds	46⅛	−⅞

August 21	US$	+ or −
James River Va	19½	−½
Jefferson Pilot	40⅞xd	+¼
Johnson Controls	36⅞	−⅛
Johnson & Johnson	49xd	−1⅛
K Mart	23⅛xd	+⅛
Kellogg	68¼	−¼
Kennametal	27⅞	−⅛

INDICES

NEW YORK

DOW JONES	Aug 20	Aug 19	Aug 18	Aug 17	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3304.89	3307.06	3329.48	3324.89	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.42	102.35	102.47	102.33	102.47 (18/8)	98.41 (20/3)	102.47 (18/8/92)	54.99 (1/10/81)
Transport	1256.52	1258.05	1267.63	1272.42	1467.68 (20/2)	1244.06 (13/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	220.14	220.21	220.21	218.89	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3326.24 (3347.58) Low 3285.71 (3302.46)

STANDARD AND POOR'S

	Aug 20	Aug 19	Aug 18	Aug 17	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	418.26	418.19	421.34	420.74	425.09 (3/8)	394.50 (8/4)	425.09 (3/8/92)	4.40 (1/6/32)
Industrials	491.26	491.38	494.57	493.56	499.51 (3/8)	470.91 (8/4)	499.51 (3/8/92)	3.62 (21/6/32)
Financial	35.46	35.45	36.18	36.38	36.66 (3/8)	32.40 (8/4)	36.66 (3/8/92)	8.64 (1/10/74)
NYSE Composite	230.38	230.41	231.90	231.60	233.66 (3/8)	217.92 (8/4)	233.66 (3/8/92)	4.46 (25/4/42)
Amex Mkt. Value	385.87	385.89	386.81	386.94	418.99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	567.66	567.61	570.87	572.47	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Aug 14	Aug 7	Jul 31	year ago (approx.)
Dow Industrial Div Yield	3.11	3.12	3.07	3.08

	Aug 19	Aug 12	Aug 5	year ago (approx.)
S & P Industrial div yield	2.62	2.62	2.59	2.70
S & P Indl. P/E ratio	29.06	29.00	29.34	21.31

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Citicorp	3,965,000	17⅛	+ ⅝
Bristol Myers	3,590,600	66⅞	- 2⅛
Telefonos	3,191,000	45⅛	- ⅜
Navistar	2,494,100	1⅞	- ⅛
RJR Nabisco	2,350,000	8½	- ¼
Gen Motors	2,176,400	35⅞	- ½
Chemical Bank	1,861,000	33⅝	+ ⅞
NationsBank	1,814,000	45	- ⅞
Glaxo	1,761,200	28	+ ¼
BankAmerica	1,730,000	43⅝	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Aug 20	Aug 19	Aug 18
New York SE	183.390	186.710	167.680
Amex	14.831	22.141	13.491
NASDAQ	155.495	156.143	140.342
NYSE			
Issues Traded	2,323	2,326	2,360
Rises	755	591	921
Falls	945	1,137	793
Unchanged	623	598	646
New Highs	60	60	89
New Lows	37	27	33

CANADA

TORONTO	Aug 20	Aug 19	Aug 18	Aug 17	1992 HIGH	1992 LOW
Metals & Minerals	3001.90	2981.84	2990.72	3007.99	3238.87 (16/1)	2828.26 (8/4)
Composite	3403.66	3385.52	3377.80	3379.78	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1793.27	1778.93	1771.56	1768.96	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common − 50; Standard and Poor's − 10, and Toronto Composite and Metals − 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. ‡ Excluding bonds † Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable

AMERICA

Falling dollar sends Dow into reverse

Wall Street

THE plummeting dollar sent US stock markets into sharp decline yesterday after President George Bush's speech at the Republican convention failed to lift sentiment for long, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 26.75 at 3,278.14, although above its low for the morning when it had fallen more than 35 points. The more broadly based Standard & Poor's 500 was down 2.74 at 415.49 at mid-session, while the Amex composite was 0.98 lower at 384.89 and the Nasdaq composite was down 1.98 at 565.88. Turnover on the NYSE was heavy at 118m shares by 1 pm.

The main influence on the markets was the dollar which, despite concerted intervention by central banks worldwide, continued to lose ground against the D-Mark. By early afternoon the dollar had dropped below its all-time low against the D-Mark of DM1.4430 to DM1.4315. Although currency factors rarely affect the stock markets, the weakness in the dollar means that the Federal Reserve has almost no room to cut interest rates again if it believes the economy needs more help.

Sentiment was not aided by the reaction to President Bush's acceptance speech at the Republican convention in Houston. Although the speech was a political success, economists did not rate his proposals to boost the economy very highly.

Among individual stocks, USX-Marathon fell $⅞ to $17⅞ in turnover of 1.8m shares on speculation that the energy company may have to cut its dividend – of $1.40 a share – because of tight cashflow.

Goodrich dropped $3½ to $40⅜ in heavy trading on reports that the sector analyst at the investment bank, Goldman Sachs, had reduced his estimate for the company's earnings.

Presley dropped $1¼ to $2⅞ on reports that a securities class action lawsuit had been filed against the housebuilder relating to its initial public offering last year.

On the Nasdaq market, Autodesk bucked the trend with a gain of $2¾ to $44¾ on Thursday's late news that the company will sell the two subsidiaries which make up the information systems division.

Hadco was another rare gainer, climbing $⅞ to $5⅞ after the company's board authorised the purchase of up to $1m of common shares in the open market.

Mexico's stock market lost 4.0 to 1,435.0 by 10.30 am yesterday, its lowest this year and 25 per cent off the 1992 high, writes Damian Fraser in Mexico City. Investors are concerned about the slowdown in the economy, uncertainty in the US elections and accordingly tentative prospects for the North American Free Trade Agreement. High interest rates are also attracting money from the equity market into the money markets.

Canada

TORONTO was pulled out of a narrow trading range by the sharp losses on Wall Street, the TSE 300 composite index losing 11.7 to 3,392.0 at midday in volume of 16.4m shares.

Declines led advances by 241 to 200 and transactions were valued at C$254.0m.

EUROPE

Central bank action lifts bourses briefly

A BEAR rally in Tokyo, concerted, but ultimately ineffective central bank support for the dollar and an early but short-lived rise on Wall Street gave bourses scope for a technical rebound yesterday, *writes Our Markets Staff.*

FT-SE Eurotrack 100 - Aug 21

Hourly changes							
Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1034.63	1033.50	1033.17	1034.32	1035.69	1037.60	1041.20	1039.54
Day's High 1041.25				Day's Low 1031.96			
Aug 20	Aug 19	Aug 18	Aug 17	Aug 14			
1030.83	1033.91	1035.74	1045.00	1042.13			

Base value 1000 (26/10/90).

FRANKFURT digested the prospects of German recession and dipped to a new 1992 low, the DAX index touching 1,510.46 before it closed 6.96 higher at 1,520.02, 1.8 per cent lower on the week. Turnover fell from DM5.2bn to DM3.9bn.

It picked up in the post-bourse, with leaders up by between 0.5 and 1.5 per cent. Mr Andrew Thomson of Kleinwort Benson said that while share options expired at the official close, options on the DAX future soldiered on into the early afternoon and gave dealers the ability to respond to the support for the dollar.

Carmakers – prime dollar stocks and depressed lately for that reason and this week's slump in German registration figures – came back in the afternoon. Volkswagen, which rose just DM1.50 to DM327 during the session, stood at DM332 in London a few hours later.

Commerzbank said that Thursday's 6.7 per cent drop on its loans to Hafnia, the Danish insurer, was exaggerated, but its stock recovered only DM2.50 to DM223.

PARIS started off firmer, encouraged by US President George Bush's speech overnight, but trading then quietened down until the afternoon when the central bank intervention and the Dow's opening rally revived interest. There was also some short-covering ahead of the close of the account on Monday. The CAC-40 index ended up 20.00 higher at 1,744.18, down 0.5 per cent on the week, in turnover of FFr1.5bn.

The rise in the index disguised underlying weakness in the market. Péchiney International dropped FFr7.20 or 4.2 per cent to FFr163 after a slip in first-half sales. Péchiney CIPs dropped FFr10.90 or 3.8 per cent to FFr271.10.

Total dropped another FFr1.80 to FFr210.70 after Merrill Lynch downgraded its rating on the stock earlier this week, while Euro Disney, also the subject of negative broker comment, fell FFr2.10 to FFr73.50.

UAP fell to FFr362.50 on worries about its stake in Hafnia but closed steady at FFr374.

MILAN was encouraged by Tokyo's gains but leading shares finished off their highs. The Comit index rose 1.22 to 406.12, up 3.2 per cent on the week, in turnover estimated at just L45bn after L59.8bn on Thursday.

Banca Commerciale Italiana shares held Thursday's advance in spite of Mediobanca's denial of a press report that it was spearheading a plan on behalf of a group of investors to buy out the state's majority stake in the bank. The shares fell initially but then closed L26 higher at L2,525 in volume of 3.2m shares.

Sip continued to fall on foreign selling, losing another L20 to L1,081 in volume of 2.9m shares.

COPENHAGEN hit another new low, the CSE index slipping 1.49 to 288.48, 1.9 per cent down on a week which now excludes the suspended *Hafnia*. Another insurer, Baltica, fell another DKr15 to DKr360 in a weak financial sector.

OSLO was overshadowed by the Uni Storebrand crisis, the insurer dropping another NKr2.2 to NKr13.3 before Monday's board meeting which is expected to arrange details of a rights issue to rescue the company. The all-share index dipped 0.63 to 324.34 for a fall of 7.7 per cent on the week.

HELSINKI continued to focus on banking loan losses, the bank and finance house index falling another 11.1 per cent, down 69 per cent from its 1992 high. The Hex index closed 24.0 down at 610.3, 35 per cent off its 1992 high and 7 per cent lower on the week.

STOCKHOLM fell for the fifth consecutive session, as the Affärsvärlden General index dropped 9.3 to 781.8, for a fall of 5.1 per cent on the week. Turnover remained low at SKr382m.

Electrolux B shares fell SKr2 to SKr197 after the company said that uncertainty regarding market trends had increased in recent months.

Nordbanken said that its shares will be delisted on August 27 now that Venantius has more than 90 per cent of the equity. Venantius was set up by the government to administer its holding in Nordbanken, which it was forced to take over earlier this year in order to save the bank from collapse.

ZURICH saw rises in chemicals and banks as the SMI index put on 14.7 to 1,768.2, down 1.3 per cent on the week. Ciba-Geigy registered topped the active list, rising SFr1 to SFr647 after a 12 per cent rise in first-half profits. SBC bearers rose SFr7 to SFr238.

MADRID managed a rise on the day and on the week with gains in the general index of 1.55 and 1.3 per cent respectively to 210.24. Heavy block trades took turnover up to an estimated Pta14bn from around Pta4-5bn recently.

SOUTH AFRICA

INDUSTRIAL and financial shares rose on hopes that democracy talks would resume soon. The industrial index rose 45 to 4,076 and the overall index was up 23 at 3,179. But golds ended 8 down at 930.

Amsterdam pins hopes for recovery on 1993

Ronald van de Krol says the dollar's weakness and poor company results have wiped out earlier gains

THE Amsterdam Stock Exchange appears to have given up hope of a recovery in the second half of this year and is now pinning its hopes on 1993.

The bourse, which hit an all-time high in May and once seemed likely to produce further gains during the rest of the year, has fallen sharply recently, reflecting worries about the dollar, the gap between US and European interest rates and the absence of a continuing recovery in the US economy.

These problems have been compounded by Amsterdam's traditional sensitivity to dollar weakness as well as by the gloomy first-half figures reported by many Dutch companies. Some of these companies, particularly Hoogovens, the steel group, and Hunter Douglas, the window-coverings maker, have lowered their sights for the rest of the year, saying an improvement cannot be expected until 1993.

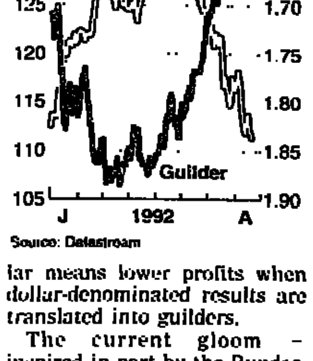
Analysts say that the long-term perspective for Amsterdam remains good, with prices expected to pick up again when the dollar rebounds and the economy recovery in the US takes place. In the short term, however, the bourse is expected to move sideways at best.

Mr Philip Menco, head of investment research at Theodoor Gilissen Bankiers, does not rule out further declines before an improvement sets in. "We could see a small recovery at the end of the year but the new hope now is the New Year."

Pierson, Heldring & Pierson's analysts also say that the recovery will not come before the end of 1992, but they project that the bourse could produce a total 12-month return of 19 per cent by August 1993.

A key factor determining the pace of recovery is the dollar, which touched a new post-World War Two low of Fl 1.62 yesterday. The Amsterdam Stock Exchange, with its preponderance of companies with big international operations, is more vulnerable than other European bourses to the dollar's direction.

Mr Menco notes that the US generates 25 per cent of the turnover of Dutch listed companies, after adjusting sales figures for the relative weight of Dutch companies. A low dollar means lower profits when dollar-denominated results are translated into guilders.



Source: Datastream

The current gloom – inspired in part by the Bundesbank's July 16 discount-rate rise and the subsequent fall in the dollar – is a far cry from the heady days of May and June, when the bourse rallied on expectations of an imminent recovery in the US economy. Cyclical shares, in particular, surged, and these have now suffered the greatest falls.

In recent weeks, the CBS Tendency Index has given up all the ground it made earlier this year. It started the year at 113.6, peaked at 131.4 on May 26, but has since fallen back to close at 111.5 yesterday.

Defensive shares – food companies, publishers, banks and insurers – have so far escaped major downward corrections. Heineken, the brewery group, has even managed to buck the trend and rise by 4.4 per cent from the end of June to stand at Fl 174.90.

The transport sector has fared badly, mainly because the dollar is far more important to the revenue side of companies like KLM, Fokker and Nedlloyd than to costs, which tend to be denominated in guilders. Although both Fokker and Nedlloyd have hedged their dollar positions until the end of 1992, this has not prevented a slide in their share prices. Nedlloyd, which barely escaped falling into the red in the first half, has plummeted by 36.7 per cent to Fl 36.90 since June 30, while Fokker has declined by 37.5 per cent to Fl 19.50.

Fokker and Philips, the electronics group, have also been hit by factors which go beyond currency concerns. Investors in Fokker were disappointed when it became clear by late July that Deutsche Aerospace's plans to take a 51 per cent holding would not involve a public bid nor purchases on the open market. Instead, the German company is to acquire its controlling share by buying out part of the government's 32 per cent stake and by taking up a Fl 500m ($312m) issue of new shares.

As for Philips, its shares were shaken not only by a well-publicised plunge in first-half results but also by doubts about the prospects of some of its most promising consumer electronics products for the 1990s. The shares are now trading at around Fl 23.60, some 40 per cent below their 1992 high of Fl 39.90.

Investor confidence has also been shaken in the bourse's newest arrival, the consultancy engineers Fugro-McClelland. The company, whose partial flotation at Fl 38 per share in April marked the only new listing in Amsterdam this year, has seen its share price drop to less than Fl 23.50 since announcing an unexpected decline in first-half results and reducing its full-year forecast.

Fugro-McClelland's drop will do little to improve the climate for new listings, which the bourse authorities are trying to promote to increase the market's appeal and its liquidity.

ASIA PACIFIC

Nikkei jumps 6.2% on investor confidence

Tokyo

CONFIDENCE spread among investors that share prices had hit the bottom and the Nikkei average surged 6.2 per cent to recover the 16,000 level for the first time since July 23, *writes Emiko Terazono in Tokyo.*

The Nikkei closed 949.12 better at 16,216.88, the day's high and 9.4 per cent higher on the week. It opened at the day's low of 15,294.56 and posted firm gains on short-covering and small-lot buying by investment trusts, dealers and foreign investors.

Volume rose to 430m shares from 300m, above 400m for the first time since May 14. Gainers overwhelmed losers by 1,014 to 35, with 26 unchanged, the Topix index of all first section stocks gained 87.93, or 7.6 to 1,251.70 and, in London, the ISE/Nikkei 50 index rose 3.49 to 1,042.20.

Analysts said that share prices could have hit the bottom for the time being. "The worst seems to be behind us for this phase," said Mr Peter Tasker, strategist at Kleinwort Benson.

Reports that the government had decided to postpone the sale of Nippon Telegraph and Telephone shares also encouraged sentiment. A leading business daily also reported that the ministry of finance was requesting the ministry of transport to postpone the listing of JR East, one of the former railway operations of Japan National Railway.

The ministry of finance later denied the reports, and the ministry of transport restated its hopes of listing the JR East shares this autumn. However, investors actively sought NTT, which advanced Y62,000 to Y555,000.

Bank shares were strong, with Nippon Credit Bank rising by its daily limit of Y500 to Y5,000 and Mitsubishi Bank Y300 higher at Y2,200.

Real estate companies also rallied, with Mitsui Fudosan rising by its daily limit of Y100 to Y975 and Mitsubishi Estate also advancing by its daily limit of Y100 to Y914.

In Osaka, the OSE average surged by 1,080.27 to 17,504.63 in volume of 41.6m shares.

Roundup

THE REST of the region offered a mixed response to events in Tokyo.

TAIWAN rose 3.6 per cent, the weighted index closing 133.16 higher at 3,866.22, but still 1.2 per cent lower on the week.

SINGAPORE put in its third consecutive rise, this time on selective bargain-hunting, the Straits Times Industrial index ending 23.72 higher at 1,347.31.

HONG KONG registered a moderate recovery after a 2.5 per cent fall on Thursday, utilities rising sharply as the Hang Seng index climbed 27.78 to 5,509.39, down 5.4 per cent on the week. Turnover fell from HK$3.86bn to HK$2.62bn.

Hong Kong Telecom gained 20 cents to HK$8.70 while Hong Kong & China Gas jumped 30 cents to HK$13.10.

SEOUL fell for the second day on concerns about political instability arising from the government's decision to award the nation's first private mobile telephone operating licence to the Sunkyong Group, which has ties to President Roh Tae Woo. The composite index fell 8.63 to 459.07, down 4.1 per cent on the week.

AUSTRALIA closed stronger, taking its direction from the in Tokyo. The All-Ordinaries index closed up 5.7 at 1,559.3, a rise of 0.7 per cent on the week in turnover of A$230m. BHP closed unchanged at A$13.00.

NEW ZEALAND's NZSE-40 index fell 10.82 to 1,480.24, up 0.6 per cent on the week, on continued weakness in blue chips. Turnover, boosted by a big block sale in Salmond Smith Biolab, rose to NZ$48.5m from NZ$22.5m.

Salmond Smith fell 15 cents to NZ$2.60 after Transco Investments of Singapore sold 9.3m shares or 35 per cent of the company at NZ$2.41 a share to various domestic institutions.

MANILA declined for the third day running, as the composite index gave up 15.45 to 1,475.12, down 3 per cent on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY AUGUST 20 1992								WEDNESDAY AUGUST 19 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	132.02	−0.9	100.95	105.36	99.42	121.66	−0.5	4.50	133.27	102.11	106.40	100.68	122.33	153.68	131.66	147.95
Austria (19)	150.26	+1.5	114.89	119.91	113.16	113.37	+1.0	2.58	148.06	113.45	118.21	111.85	112.26	186.70	139.27	177.02
Belgium (42)	144.88	+1.0	110.76	115.59	109.09	106.63	+0.6	5.77	143.48	109.93	114.54	108.38	105.97	152.27	135.87	129.29
Canada (114)	126.74	+0.8	96.91	101.14	95.44	109.44	+0.4	3.17	125.77	96.36	100.40	95.00	109.06	142.12	124.32	139.58
Denmark (35)	225.91	−1.2	172.74	180.29	170.13	171.76	−1.5	2.04	228.61	175.16	182.52	172.70	174.43	273.94	225.91	256.64
Finland (15)	65.96	−3.3	50.43	52.64	49.67	55.21	−3.8	2.56	68.22	52.27	54.47	51.54	57.41	89.80	65.96	96.02
France (103)	156.39	−0.1	119.58	124.80	117.76	120.64	−0.4	3.72	156.53	119.93	124.96	118.24	121.17	168.75	148.06	134.04
Germany (64)	115.07	−0.3	87.98	91.84	86.65	86.65	−0.6	2.64	115.45	88.46	92.19	87.21	87.21	129.69	114.67	107.93
Hong Kong (53)	226.55	−2.6	173.22	180.79	170.61	224.92	−2.6	3.71	232.68	178.27	185.75	175.76	230.99	259.55	176.36	167.87
Ireland (16)	159.08	+0.6	121.63	126.95	119.79	122.35	+0.3	4.31	158.17	121.19	126.28	119.48	122.02	173.71	151.78	155.41
Italy (78)	64.25	+1.4	49.12	51.27	48.38	52.85	+1.2	3.92	63.35	48.54	50.57	47.85	52.22	80.86	61.30	72.61
Japan (473)	92.47	+4.5	70.71	73.80	69.65	73.80	+4.5	1.15	88.49	67.80	70.65	66.86	70.65	140.95	87.27	126.49
Malaysia (69)	226.35	+0.7	173.07	180.63	170.45	217.76	+0.7	2.89	224.73	172.19	179.41	169.76	216.33	250.47	212.49	206.07
Mexico (18)	1342.05	−1.2	1026.16	1071.02	1010.66	4520.85	−1.3	1.33	1358.59	1040.95	1084.65	1026.30	4582.50	1789.77	1303.41	1136.24
Netherland (25)	163.92	+0.2	125.33	130.81	123.44	122.10	−0.1	4.59	163.52	125.29	130.55	123.53	122.21	167.29	147.88	138.35
New Zealand (14)	43.13	−0.6	32.98	34.42	32.48	42.41	−0.7	5.35	43.41	33.26	34.66	32.79	42.70	48.52	42.01	46.90
Norway (23)	145.32	−4.4	111.11	115.97	109.44	112.87	−4.8	2.23	152.03	116.49	121.38	114.85	118.55	192.95	145.32	202.66
Singapore (38)	182.52	+0.4	139.56	145.66	137.45	135.38	+0.4	2.44	181.84	139.32	145.17	137.36	134.83	229.63	180.71	190.86
South Africa (61)	191.46	+0.7	146.39	152.79	144.18	156.01	−0.5	3.25	190.19	145.73	151.84	143.67	156.72	263.60	186.87	240.29
Spain (49)	136.84	+0.4	104.63	109.20	103.05	96.61	+0.1	6.08	136.32	104.45	108.83	102.98	96.56	161.72	133.79	148.78
Sweden (30)	179.47	−0.3	137.22	143.22	135.15	140.21	−0.8	2.93	180.05	137.95	143.75	136.02	141.34	200.28	173.09	190.85
Switzerland (62)	110.59	−0.2	84.56	88.26	83.30	88.48	−1.1	2.42	110.80	84.90	88.47	83.71	89.44	113.88	95.99	92.52
United Kingdom (228)	181.07	+0.0	138.45	144.49	136.34	138.45	−0.2	5.28	181.07	138.74	144.55	136.77	138.74	200.07	165.85	178.21
USA (522)	170.42	+0.0	130.30	136.01	128.34	170.42	+0.0	2.95	170.40	130.56	136.04	128.73	170.40	173.10	160.92	158.96
Europe (789)	145.49	+0.0	111.25	116.11	109.57	110.88	−0.3	4.29	145.46	111.45	116.13	109.89	111.22	156.88	139.31	138.98
Nordic (103)	165.17	−1.0	126.29	131.81	124.38	123.07	−1.4	2.58	166.82	127.82	133.19	126.02	124.84	188.52	165.17	188.06
Pacific Basin (715)	98.23	+3.6	75.11	78.39	73.97	79.65	+3.6	1.54	94.80	72.63	75.68	71.61	76.88	141.97	93.70	128.09
Euro − Pacific (1504)	117.34	+1.8	89.72	93.64	88.36	92.56	+1.6	2.92	115.29	88.33	92.03	87.08	91.09	145.21	113.80	132.74
North America (636)	167.68	+0.0	128.21	133.83	126.30	166.26	+0.0	2.96	167.60	128.42	133.82	126.63	166.22	170.31	158.70	157.68
Europe Ex. UK (561)	123.98	+0.0	94.80	98.97	93.39	95.05	−0.4	3.56	123.94	94.96	98.97	93.65	95.40	132.98	121.81	115.85
Pacific Ex. Japan (242)	154.93	−1.3	118.46	123.66	116.69	139.83	−1.1	3.87	156.95	120.25	125.32	118.57	141.45	175.31	149.00	144.00
World Ex. US (1697)	119.21	+1.7	91.15	95.14	89.78	94.87	+1.5	2.92	117.22	89.81	93.59	88.55	93.46	146.91	116.18	134.69
World Ex. UK (1991)	131.26	+1.1	100.36	104.76	98.86	115.80	+1.0	2.63	129.82	99.47	103.65	98.08	114.65	150.58	127.21	138.41
World Ex. So. Af. (2158)	135.24	+1.0	103.41	107.94	101.85	117.52	+0.9	2.93	133.92	102.61	106.93	101.18	116.50	153.05	130.04	141.22
World Ex. Japan (1746)	159.49	+0.0	121.95	127.29	120.12	143.31	−0.2	3.47	159.54	122.24	127.38	120.54	143.55	165.40	153.20	151.36
The World Index (2219)	135.56	+1.0	103.65	108.19	102.09	117.89	+0.9	2.94	134.24	102.86	107.18	101.42	116.88	153.70	130.66	141.86

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LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int	Yield Red
"Shorts" (Lives up to Five Years)							
13½pc 1992		100 5/32xd		102⅛	100 5/32	13.46	10.04
Treas 8¾pc 1993		99 5/32	..	99⅜	97 13/32	8.31	9.79
10pc 1993‡‡		100		100½	99 13/32	10.00	10.01
12½pc 1993‡‡		102 5/32	−1/16	103 13/32	101 13/32	12.24	9.94
Funding 6pc 1993‡‡		97xd		97 13/32	95 5/32	6.19	9.11
Treas 13¾pc 1993‡‡		104 13/32	−1/32	108 13/32	104⅝	13.17	9.88
8½pc 1994		98 13/32	−1/32	99 5/32	96¼	8.64	9.70
14½pc 1994xt		106 13/32xd	−1/32	109⅛	106 13/32	13.83	9.94
Exch 13½pc 1994		105 13/32	−1/32	107 13/32	105 5/32	12.80	9.89
Treas 10pc Ln 1994‡‡		100 5/32	−1/16	101⅝	98 13/32	9.96	9.75
Exch 12½pc 1994		104¾	−1/32	106 5/32	103 13/32	11.93	9.85
Treas 9pc 1994‡‡		98 13/32	−1/16	99 13/32	96⅝	9.11	9.61
12pc 1995		104 13/32	−1/32	106 13/32	103⅝	11.46	9.76
Exch 3pc Gas 90–95		91⅛		94 13/32	88¼	3.28	6.19
10¼pc 1995		101 13/32	−1/16	103⅛	99 5/32	10.10	9.67
Treas 12¾pc 1995‡‡		108 13/32	−1/32	110 13/32	106⅝	11.76	9.65
14pc 1996		111 13/32	−1/32	114 5/32	110 5/32	12.52	9.85
9pc 1992–96‡‡		98 5/32xd	−1/32	100 5/32	96 5/32	9.08	9.34
15¼pc 1996‡‡		116 13/32	−1/32	119 5/32	114 13/32	13.09	9.82
Exch 13¼pc 1996‡‡		110 13/32	−¼	112⅞	108½	11.99	9.80
Conversion 10pc 1996		101½	−1/32	103⅝	98 13/32	9.85	9.55
Treas 13¼pc 1997‡‡		112 13/32	−1/32	114 13/32	110 5/32	11.79	9.72
Exch 10½pc 1997		103½xd	−1/32	105 13/32	100 13/32	10.14	9.53
Five to Fifteen Years							
Treas 8¾pc 1997‡‡		97 13/32xd	−1/32	99 1/16	94	8.99	9.44
Exch 15pc 1997		120⅝	−1/32	123 13/32	118 5/32	12.44	9.82
9¾pc 1998		101⅛	−1/32	103 1/16	97 13/32	9.64	9.49
Treas 6¾pc 1995–98‡‡		91 1/16	−1/32	93 5/32	86 13/32	7.41	8.79
15½pc '98‡‡		126¼	−1/16	129 5/32	123 5/32	12.28	9.67
Exch 12pc 1998		111 5/32	−1/32	113¾	107 13/32	10.80	9.60
Treas 9½pc 1999‡‡		101⅛	−1/32	103⅛	97 5/32	9.39	9.27
Exch 12¼pc 1999		113xd	−1/32	115 1/16	109½	10.84	9.58

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int	Yield Red
Treas 10½pc 1999		105 5/32	−1/32	107 13/32	101 13/32	9.97	9.43
Conversion 10¼pc 1999		104¼	−¼	106 13/32	100 13/32	9.83	9.43
9pc 2000‡‡		98 13/32xd	−13/32	100 13/32	94⅝	9.12	9.27
Treas 13pc 2000		118 5/32	−⅛	121½	114 13/32	11.00	9.65
10pc 2001		103 13/32xd	−13/32	106¼	99 13/32	9.63	9.34
14pc 98–01		118 5/32	−1/32	121	115 13/32	11.84	9.78
9¾pc 2002		103 5/32xd	−1/32	105⅝	98¼	9.46	9.28
10pc 2003		105 5/32xd	−1/16	107 5/32	100 5/32	9.51	9.26
Treas 11½pc 2001–04		111 5/32xd	−13/32	113 13/32	107 5/32	10.35	9.58
Funding 3½pc 99–04		66 13/32	−1/16	68 13/32	59½	5.26	7.89
Conversion 9½pc 2004		102¼	−½	104 13/32	98 13/32	9.29	9.18
9½pc 2005		102 13/32	−13/32	104 13/32	96 13/32	9.27	9.16
Treas 12½pc 2003–05		121	−13/32	124⅝	116 5/32	10.33	9.42
8pc 2002–06‡‡		91 1/16	−13/32	93	85½	8.79	9.14
Treas 11¾pc 2003–07		115 5/32	−13/32	118 13/32	110 13/32	10.19	9.41
Treas 8½pc 2007 ‡‡		95 13/32	−⅛	97 5/32	89 13/32	8.92	9.07
13½pc 04–08		128½xd	−½	132 1/16	123 13/32	10.51	9.42
Over Fifteen Years							
9pc 2008 ‡‡		99 13/32	−13/32	101 13/32	93 13/32	9.03	9.03
8pc 2009		91 5/32xd	−13/32	93 13/32	85 5/32	8.77	9.03
Conv 9pc Ln 2011 ‡‡		99 13/32	−⅛	102 13/32	93 13/32	9.01	9.00
Treas 9pc 2012		100⅛	−13/32	102 5/32	93 13/32	8.99	8.98
9pc 2012 A		78⅛	−13/32	72 13/32	69 1/16	8.99	8.99
Treas 5½pc 2008–12‡‡		69 5/32xd	−¼	70 13/32	62⅞	7.95	8.80
7¾pc 2012–15‡‡		88 5/32	−⅛	90 13/32	81 13/32	8.78	8.97
Exch 12pc '13–17		127 13/32	−½	130 13/32	120⅛	9.42	9.07
Treas 8¾pc 2017		98 5/32xd	−13/32	101	97⅛	8.94	8.92
8¾pc 2017 A ‡‡●E		40		40	40	–	–
Undated							
Consols 4pc		43 5/32	−¼	44⅛	39⅞	9.26	–
War Loan 3½pc‡‡		38 5/32		39⅛	35 5/32	9.08	–
Conv 3½pc '61 Aft		62 1/16	−1/32	62⅞	59	5.64	–
Treas 3pc '66 Aft		32 13/32		32⅝	29 13/32	9.28	–
Consols 2½pc		27 5/32	−⅛	27 13/32	24 13/32	9.15	–
Treas 2½pc		27 1/16	−1/16	27¾	24 13/32	9.28	–

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Real
Index Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	126⅞	−⅛	127⅝	122⅛	2.46	4.01
2pc '96	(67.9)	181⅛xd	−¼	184¼	176⅛	3.73	4.41
2½pc '01	(78.3)	143 13/16xd	−⅛	148 13/16	143	4.42	4.77
2½pc '03	(78.8)	139 1/16	−⅛	144 13/16	138 3/16	4.45	4.75
2pc '06	(69.5)	141⅛	−⅛	147 1/16	139 1/16	4.45	4.68
2½pc '09	(78.8)	128 13/16	−1/16	134¼	126 1/16	4.31	4.64
2½pc '11	(74.6)	133⅛	−1/16	138 13/16	129¾	4.40	4.59
2½pc '13	(89.2)	109⅝	−1/16	114 1/16	106 3/16	4.38	4.55
2½pc '16	(81.6)	117	−⅛	121¾	112¾	4.33	4.50
2½pc '20	(83.0)	112¼	−1/16	117⅛	107 13/16	4.31	4.46
2½pc '24‡‡	(97.7)	93	−¼	97 1/16	88⅞	4.28	4.42
4⅛pc '30‡‡	(135.1)	94⅞	−⅛	99¼	94½	4.25	4.39

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for January 1992: 135.6 and for July 1992: 138.8.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int	Yield Red
African Dev 11⅛ 2010		113 1/16	−1/16	115 13/16	105⅞	9.84	9.56
Asian Dev 10¼pc 2009		107 5/16	−1/16	109 13/16	100 1/16	9.58	9.40
B'ham 11½pc 2012		111¼	−¼	113½	102¾	10.34	10.18
Ireland Cap 8½pc '10		90¼		99¼	88⅜	9.42	–
9pc Cap 1996		92⅜		99¾	90	9.78	–
13pc '97–02		106		115½	103⅞	12.26	–
Hydro Quebec 15pc 2011		138 13/16	−13/16	141 13/16	130⅞	10.80	10.28
Leeds 13½pc 2006		123¾	−¼	125	116¼	10.91	10.31
Liverpool 3½pc Irred		32¼	−¼	34	30	10.85	–
LCC 3pc '20 Aft		30¼	−¼	31	27	9.92	–
Manchester 11½pc 2007		110½	−¼	111¼	103¼	10.41	10.13
Met Wtr 3pc 'B'		60½	−¼	61	53	4.96	8.63
N'wide Anglia 3⅞pc 2021		107	−¼	111¼	103¼	–	5.54
4¼pc IL 2024		107½	−¼	110¼	103¼	–	5.23
Utd Mex States 16½pc 2008		124¼		126	121½	13.29	12.82

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs......h	15¾xd	-⅛	19⅛	14⅝	13,262	2.0
♥Allegheny & W....	310p	—	330p	225p	161.1	5.1
Amdahl	677p	+6	1159p	671p	768.6	0.8
Amer Cyanamid	30¾	-½	37	28⅝	2,810	2.8
Amer Express	11⅞xd	-⅛	13⅞	10⅞	5,254	4.8
Amer T & T	22¼xd	—	24⅞	20⅛	29,511	3.1
Ameritech	35	+⅛	36⅞	32½	18,762	5.1
BankAmerica	22½xd	+¼	27⅛	19⅛	7,717	3.0
Bankers NY	31⅞xd	+⅛	37¼	28⅞	2,641	4.2
Bell Atlantic	25⅞	+⅛	26¾	23¼	10,025	5.4
BellSouth	28⅞	—	29⅛	25	13,872	5.1
♥Bethlehem Steel	8¼xd	-¼	9⅞	6¼	584.8	–
Bowater	1000pxd	-13	1579p	1000p	388.6	6.3
CPC......h	25¼xd	+¼	28¼	22⅞	3,800	2.4
♥Cadiz Land Inc.	128p	—	342p	128p	–	–
Campbell Soup	19⅞xd	+⅞	23⅞	17⅞	4,980	2.1
Chase Manhattan	12⅛xd	+¼	16½	9¼	1,738	5.1
Chrysler	10¼xd	—	11½	6¼	3,140	2.9
Citicorp	8⅞xd	+⅛	11⅛	5⅛	3,113	–
Colgate-Palm.	28⅝xd	-⅛	29⅞	25¼	4,505	2.3
Cont'l Bank	677p	—	1030p	499p	660.2	3.6
Dana	19½xd	-½	24½	14⅞	682.5	4.3
Data General	460p	+8	1004p	388p	112.8	–
Dun & Brad	28⅞	-⅛	33½	27⅞	5,187	4.2
Eaton	40½	+¼	40½	32½	1,392	2.8
Echlin	9⅞xd	+⅛	11	7⅞	525.2	3.9
FPL	19⅞xd	+⅛	20	16⅞	3,601	6.5
Fluor	27⅞	+⅛	27	19¼	1,738	1.0
Ford Motor	21⅞xd	-⅛	26⅞	15	10,370	2.4
Gen Elect	39⅞xd	-⅛	46¼	36⅞	33,978	3.1
♥General Host	465p	—	535p	360p	–	4.0
Gillette	28⅝xd	+¼	29⅞	23⅞	6,279	1.3
Hasbro	15⅞	—	16½	12⅞	1,300	0.7
Honeywell	32⅝xd	—	43	32	2,278	2.6
Houston Inds	23	+⅛	25	22⅞	2,870	6.6
IBM	44⅞xd	-⅞	54½	44⅞	25,325	5.7
Ingersoll-Rand	19½xd	+⅛	19⅞	13⅛	1,400	2.7
Lockheed	24⅞	—	26⅞	22⅞	1,582	4.5
Lowe's......h	974p	+6	1273p	815½p	710.2	1.5
Merrill Lynch	28xd	—	39⅞	24⅞	2,676	2.4

BUILDING MATERIALS - Cont.

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
■Spring Ram	118	-1	181	100	430.7	0.3
■Stamin	7½	—	15	7	24.9	5.3
■Tarmac	71	—	181	69	617.6	10.3
♣Thon......†	145	—	178	85	18.2	3.0
■Travis Perkins	138	—	228	133	137.2	7.9
♣Tudor	35	—	38	31	3.88	1.9
■Unigroup	12½	—	24	8½	3.66	–
Ward Group......‡	83	—	97	82	16.0	‡
♣Waterhouse	35	—	43	23	0.88	‡
■Wickes	78	—	*104	53	226.0	–
■Wilshaw	14½	—	18⅛	8⅛	11.4	3.7
■Wolseley	338	-5	479	304	776.4	4.9

BUSINESS SERVICES

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
■ADT $	393	—	533	343	484.3	–
Adam & Harvey	200	—	248	198	8.90	7.1
♣Air London......†	81	—	127	81	7.15	5.3
African Lakes	36	—	63	34	2.40	7.6
■AutoTed Sec......†	116	-1	182	81	131.7	5.7
■BET......g	112	+1	*266	103	1,046	7.7
■BNB Res	64	—	100	64	15.4	10.2
BPP......†	263	—	*283	208	64.0	3.7
Barbour Index	220	—	280	178	36.6	4.4
■Boustead	22	-2	38½	20	18.8	4.2
■Brit Data Mangt. R	121	—	165	111	28.1	4.4
♣Broadcastle	11	—	14	9	1.76	–
Brooks Service	86	-1	101	68	9.61	6.8
Burns-Anderson	24	—	7	1¼	0.83	–
■CRT	90	—	142	90	47.3	3.6
Capita......†	391xd	—	422	262	49.8	2.2
■Caskel	26½	—	34	19	21.1	2.5
Chiltern Capital	33	—	270	25½	38.6	–
Christie Group	25	—	38	29	8.88	–
♣Comac	27	-1	43	24	1.73	–
■♣Corp Servs	12	-1	31	12	3.57	–
Dart	70	—	*120	69	10.7	6.3
■Davis Service	157	-1	216	145	131.7	6.8

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1992 high	1992 low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv		181½	+½	178	148	3.9	180.2	17.3
Warrants		24	+½	38	22	–	–	–
Scot Mortgage		140	–	167	137	3.7	166.4	15.9
Scot National Inc		72½	+1	107	70½	18.3	–	–
Cap		20	+2	42	12½	–	–	–
Stepped Pf		140		142	126	6.8	–	–
Zero Div Pf		187½	+1	187½	166½	–	–	–
Warrants		3½	–	8	3	–	–	–
Scot Value		85½		94	48	4.0	59.4	-1.5
Sec Alliance		1108		1283	1093	4.2	1260.6	12.7
Second Market		231	–	244	222	0.9	279.5	17.5
Sec Tst Scot		83½	+½	78½	67½	4.8	86.0	3.7
Select Assets		82		102½	81	1.4	121.8	33.1
Eq Ind Sert		110		123	109	5.2	–	–
Eq Ind Serb		110		123	109	5.2	–	–
Shires		205		249	195	12.8	202.0	-1.5
11pc Cv Ln 03/04		£102½		£110½	£95½	10.7	–	–
Scam Select		68		91	68	8.5	91.4	25.6
Warrants		10		21	10	–	–	–
Smaller Cos		73xd		85	67	4.7	80.6	12.5
Warrants		11		28	10	–	–	–
Sphere Tst		122		148	55	–	80.9	-50.8
Sphere Inc		10½		20	10	39.4	13.4	21.3
Zero Div Pf		68		77¼	65¼	–	–	–
Suntil		31		53	30	5.4	109.1	72.0
TR City of Lon		103¼xd	+½	127½	97½	6.1	103.2	0.0
TR Euro Growth		73		98	73	1.9	91.2	20.0
Ptg Sub		36		54	38	3.7	–	–
TR Far East Inc		80		86	76	7.2	90.5	7.7
Warrants		13		22	12	–	–	–
TR High Inc		88		110	91	8.3	95.1	0.4
Sub		23		35	22	8.7	–	–
TR Pacific		76	+1	99	71	8.4	84.5	10.6
TR Prop		16		27	16	12.1	28.0	42.8
TR Smaller		108xd	-½	132	108	4.6	126.3	14.5
TR Technology		21		37	20	11.1	61.2	65.7
Stepped Pf		89¼		102¼	89¼	7.4	–	–
Zero Pf		175½		188½	154½	–	–	–
Temple Bar		230xd	-1	277	227	7.5	255.0	9.8
6pc Cv Ln 2002		£117½		£117½	£110½	8.1	–	–
Templeton Em		183xd		224	165	1.6	184.8	1.0
Warrants		82	+1	100	59	–	–	–
1pc Cv Ln 2001		£181		£220½	£162½	0.6	–	–
Thompson Clive		122		138	88	4.2	177.0	31.1
Thornton Asian		53		66	53	1.3	65.5	19.1
Warrants		5		11	5	–	–	–
Thornton Pan Euro		24		38	24	6.8	28.1	14.5

MEDIA - Cont.

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's	P/E
WTR		58	-1	86	48	3.88	0.1	12.7
WPP		97		118	31	81.4	–	–
Warrants		3		8½	1½	0.16	–	–
Wassinghis		438	-1	480	391	141.2	3.3	21.2
Yorkshire TV		184		191½	149½	78.8	10.4	5.5

MERCHANT BANKS

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's	P/E
Ansbacher (H)		27		34	26	58.4		–
Baring 8pc Cm 2nd Pf		97		100	83½	12.1	11.0	–
9¼pc Non-Cum Pf		118½	+½	125	103¼	47.4	11.0	–
Brown Shipley		82		204	50	8.48	–	–
Close Bros		210		287	210	88.7	5.6	9.4
Hambros		219	+1	292	208	383.3	8.8	7.1
7¾pc Cv Pf		100½		119	93	158.2	9.8	–
Joseph (L)		318xd		383	313	18.7	6.6	–
Kleinwort Benson		238xd	+1	324	212	380.4	9.1	20.1
Rea Bros		26		37	26	10.2	2.8	–
Schroders		1180	-8	1365	1043	592.7	2.0	13.1
N/V		975	-5	1180	883	122.8	2.5	11.1
Singer & Fried		34		88	34	55.4	9.8	7.5
Warburg (SG)		412	+1	605	403	857.3	5.8	8.3
8pc Cv Pf		142		204	141	80.4	5.8	–
Wintrust		218		253	213	18.5	5.9	8.2

METALS & METAL FORMING

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's	P/E
ASW		87		106	67	44.7	17.0	12.7
Apollo Metals		107	-1	147	107	12.6	4.3	11.7
Ash & Lacy		141		180	141	37.4	6.1	10.8
Barrett (K)		12		45	12	5.21		27.8
Billam (J)		118		144	84	1.78	5.2	8.2
Brit Steel		53½	+½	85	52	1,078	11.2	51.0
BCI		27		35	15	10.2	13.0	7.9
Castings		181		195	118	34.4	3.4	11.1
Chamber & Hill		105		140	90	7.67	7.6	6.9
Cohen (A)		335		400	325	8.83	4.1	–
Cook (Wm)		165	-2	335	165	35.9	8.3	8.7
Cooper (F)		29		68	28	10.3	18.4	14.1
Downiebrae		27		38	27	4.72	2.5	13.0
Firth (GM)		11		35	9	3.71		–
Garton		113	-1	138	90	4.30	8.3	–

OIL & GAS - Cont.

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's	P/E
Aviva Petrol		29		375	26	1.52	–	–
Blackland		5½		18	5	0.55	–	–
Blystad		4½		8½	4½	5.88	–	–
Bow Valley S		478	+6	619	467	258.8	–	–
Braham		26		92	26	4.32	–	–
Bridge Oil AS		14		20	14	57.9	5.5	5.0
Brit Borneo		115		195	105	51.7	8.7	6.0
British Gas		244	+7½	277½	226	10,514	7.3	9.4
Brit Petroleum		190xd	-3	304	182	10,279	1	33.1
Bula Res		1¼		2½	1½	9.54		–
Burmah Castrol		661	-4	667	460	1,028	5.7	14.4
Cairn Energy		26	+2	75	21	6.32	–	–
Calor		171	-2	219	164	287.5	9.1	8.2
Caspen		7½		18	6½	3.60	–	–
Chevron S		£37½	-½	£48½	£34¼	12,799	1.6	–

PACKAGING, PAPER & PRINTING - Cont.

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

PROPERTY

MINES - Cont.

Diamond and Platinum

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's
Anglo Am Inv		£11	–	£21½	£11	1,180	6.9
De Beers Lnkd Uts		£7½	+⅛	£16⅞	£7½	2,970	1
40pc Pf		275		325	275	2.20	14.6
Impala Plat		583	+12	820	571	358.6	5.7
Lydenburg		675		862	675	106.9	3.9
Northam Plat		279	+1	432	274	168.7	–
Rustenburg		£9¾	+½	£13½	£9¾	1,221	4.6

Central African

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's
Falcon Z$		18		35	16	3.59	21.4
Wankie Col Z$		12		17	10	3.04	13.1
Willoughby's		53	-2	80	45	1.93	5.1

INVESTMENT COMPANIES

MEDIA

MISCELLANEOUS

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

MOTORS

PACKAGING, PAPER & PRINTING

OIL & GAS

STORES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

GUIDE TO LONDON SHARE SERVICE

g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. o Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.

G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1991. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FINANCIAL TIMES
Weekend August 22/August 23 1992

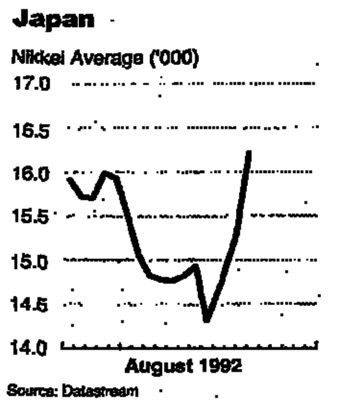
Nikkei surges 6.2% as buyers take heart from aid to banks

By Emiko Terazono in Tokyo

A RETURN of confidence boosted Japanese shares yesterday, as investors responded to the government's efforts to support the country's ailing financial system and stock market.

The Nikkei average of 225 leading stocks jumped 6.2 per cent, closing 949.12 higher at 16,216.88. This was the first close above 16,000 for nearly a month. The index, which plunged to a new six-year low on Tuesday, has rallied more than 1,900 points during the past three trading days.

In addition to emergency support measures to help the beleaguered Japanese banks, investors were encouraged by reports that the government is likely to postpone the sale of a tranche of shares of Nippon Telegraph and Telephone scheduled for the current financial year.



The slide in NTT shares, triggered by concerns over the impact on the market of the additional tranche, had dragged down the market during the past few weeks.

NTT shares surged by 12.6 per cent yesterday, closing Y62,000 higher at Y555,000 (£2,284). Buyers included foreign investors, whose ownership of NTT was permitted at the beginning of this month.

The government, which still owns two thirds of NTT, postponed sales of 500,000 shares last year because of sluggish market conditions.

Mr Mamoru Ozaki, deputy finance minister, said that although no decision had been made, the ministry was discussing postponing share sales of NTT and of JR East, a railway operation of the former state-owned Japan National Railway.

The market now awaits next week's announcement of the government's fiscal stimulus package, which will include a large-scale supplementary budget.

Ahead of the announcement, Mr Takeshi Nagano, president of the Nikkeiren, the Japan Federation of Employers' Associations, called for emergency economic measures.

Early next week, Mr Nagano will present proposals to Mr Kiichi Miyazawa, the prime minister, including a cut in the official discount rate, an additional Y10,000bn in public investment spending and the establishment of a joint fund to buy stocks to support the market.

Japanese money supply growth at record low, Page 3
Good buys, Page 6
World stock markets, Page 19

Under fire: An Uzbek militiaman loyal to the Afghanistan government dashes across a road in Kabul. Hezb-i-Islami opposition forces have been pounding the city with rocket and artillery fire for more than two weeks, killing hundreds of civilians.

Canary Wharf to share its bird's eye view

By Vanessa Houlder, Property Correspondent

LONDON is once again to have its own panoramic viewing platform. But, unlike the Eiffel Tower or Empire State Building, London's look-out point is miles away from its most notable monuments.

One Canada Square, the steel-clad, 50-storey centrepiece of London Docklands' Canary Wharf and the tallest building in the UK, is opening its top floor to the public.

The decision to allow visitors has been taken to "generate and maintain interest in the Docklands", according to the administrators who were appointed to the project in May.

At 800ft, the tower is 200ft higher than its nearest UK rival, the National Westminster Tower in the City of London. On a clear day, the view from the top can stretch for 30 miles.

Visitors will be charged £3 a person, but after additional security and ticketing costs, this will do little to help the finances of the project, which has debts estimated at £700m.

It will provide the first opportunity in nearly 20 years to visit the top of the UK's tallest building. The 580ft Post Office tower (now the BT tower), which held the record until the NatWest tower was built in 1980, has been closed to the public since 1973, when a bomb exploded in the restaurant.

The Canary Wharf tower will be the tallest office building that can be visited in Europe, since Frankfurt's 841ft 6in Messeturm is off limits to visitors. However, an even loftier view is available from the the iron-framed, 985ft 11in Eiffel Tower in Paris.

The tallest buildings in the US, the Sears Roebuck Building in Chicago and the World Trade Center and Empire State Building in New York, also court visitors. The world's tallest tower remains the 1,815ft CN Tower in Toronto, while the UK's highest structure is the 1,265ft ITN mast in Lincolnshire.

The Canary Wharf tower will be open on Saturdays and Sundays, from 10am to 5pm, from September 12. On that weekend, the Docklands Light Railway will, unusually, be open as it coincides with the European Oyster and Seafood Fair, organised by the London Docklands Development Corporation.

Ford to reduce production at Halewood car assembly plant

By Kevin Done, Motor Industry Correspondent

FORD, the leading UK vehicle maker, is to stop production for six days in September and early October at its Halewood car assembly plant in Merseyside.

Its announcement came as Aston Martin, the specialist UK luxury sports carmaker in which Ford holds a 75 per cent stake, revealed it was cutting its workforce by about 16 per cent with the loss of 64 jobs.

Ford is being forced to reduce output in response to disappointing sales in the UK and weakening demand from export markets.

The move follows Ford's announcement earlier this week that production would be reduced at its car assembly plant in Dagenham, Essex, and at the Transit van plant at Southampton.

The company this week warned there was no sign of any improvement in UK new car demand and said it saw "no indication of any real recovery before mid-1993".

With new car registrations so far in August virtually unchanged from last year's depressed level, some carmakers are being forced to cut production to reduce stock levels.

Halewood is already in the middle of a two-week period of single-shift working in response to weak demand, but Ford yesterday said assembly would be stopped completely for the week beginning September 21. In addition no cars will be produced on Friday, October 2.

The latest measures at Halewood will cut output of about 5,500 Escort/Orion cars and vans in addition to the reduction of 5,000 Fiestas at Dagenham and 1,245 Transit vans at Southampton next week.

Aston Martin is to cut the workforce at its Newport Pagnell plant to 324 from the present level of 388. Worldwide sales totalled 121 last year compared with an average of 185 a year during the previous 10 years.

It had already cut 135 jobs in two earlier rounds of redundancies last year and has now cut its workforce by 39 per cent during the recession.

Output of its range of £131,500-£145,500 Virage sports cars has been cut to two a week from six or seven a week before the start of the recession.

The company yesterday insisted that its plan to develop a new range of smaller sports cars by 1994 would not be affected by the latest redundancies.

Call for more UN troops for Somalia

Continued from Page 1

Other recommendations include the creation, under UN auspices, of a disarming force which would carry out a "food for arms" exchange programme.

Meanwhile US and Kenyan officials scrambled to limit the damage after a bruising diplomatic row about the massive US airlift of food to Somalia.

US Ambassador Smith Hempstone and the US general in charge of the airlift were summoned for a hurried meeting with President Daniel arap Moi after the Kenyan government protested that the US had flouted Kenyan sovereignty and had not sought proper clearance to send armed troops to Kenyan soil.

The Kenyans also alleged that the US had not asked for permission to use Kenyan airspace. Mr Ndolo Ayah, the Kenyan foreign minister, and Ambassador Hempstone issued a joint statement after the meeting which said: "This was a complex effort that was organised in short notice and some details were not worked out in advance."

Mr Ayah said President Moi had now authorised the first flight of the airlift to Wajir, northern Kenya, and the US and Kenya had set up a committee to coordinate the relief effort.

THE LEX COLUMN

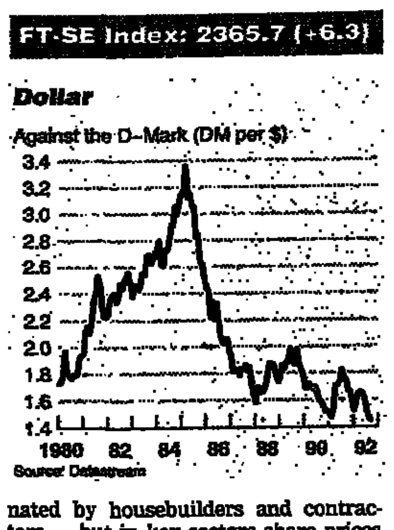
D-Day for the dollar

A cynical view of yesterday's disastrous intervention to support the US currency is that it was orchestrated by the Federal Reserve to save the newly endorsed Candidate Bush the embarrassment of an all-time dollar low against the D-Mark. Whatever the rationale, the exercise backfired. Central banks bought dollars in insufficient size at a time when the market was already braced for such action. Little wonder that foreign exchange dealers were immediately emboldened to test the real resolve of the authorities. Supporting the dollar was always going to be an uphill struggle while the market believes the interest rate differential between the US and Germany could widen. But yesterday's action raises questions about the credibility of internationally co-ordinated exchange rate policy.

The subsequent performance of US financial markets underlines that currency weakness is not just a political embarrassment. Yesterday's sharp fall on Wall Street reflected anxiety that further interest rate cuts are not on the cards for the moment. Perhaps more seriously, higher bond yields will, if sustained, make it more difficult for the US government to fund the deficit and increase the cost of long-term funding for companies.

European central banks which joined yesterday's intervention – not least the Bank of England – also had a legitimate interest in propping up the dollar and softening the D-Mark to ease pressure within the ERM. Sterling's close in London below DM2.80 for the first time since joining the mechanism leaves it less than three pfennigs from the level at which intervention, or a rise in interest rates, is mandatory. With a month still to go before the French referendum on Maastricht, that leaves little room for further jitters.

FT-SE Index: 2365.7 (+6.3)



UK stock market

London equities have been transfixed over the past few days by the headlight glare of grim economic tidings and sterling's increasingly fragile position within the ERM. In generally thin turnover the FT-SE managed a 9-point gain on the week, but there was nothing convincing about this performance. The good news for investors is that shares at current levels are probably discounting lowered expectations for GDP in the second half. Next month's interim corporate reporting season will doubtless bring fresh shocks – not least because it is dominated by housebuilders and contractors – but in key sectors share prices have at last been falling faster than expectations for earnings. No doubt this reflects diminishing faith in analysts' current forecasts.

Ford's announcement that it is putting Dagenham on a three-day week from September will hardly help confidence, not least when politicians are back at work to exploit it. The main threat, however, continues to come from a rise in interest rates if the government is eventually forced to step in to defend the pound. With three-month money market rates over 10.45 per cent last night the risks remain acute.

Shares will no doubt dip in despair if the worst finally happens – reflecting the inevitable damage to consumer confidence – though more sanguine investors will conclude that such a move would be relatively short-lived and then reversed.

Ratners

Much of the horror of Ratners' delayed full-year figures had dripped into the market already. The stark feature of the report is the scale of management's mistakes which, as much as the recession, are responsible for the company's ills. Mr Gerald Ratner's ill-timed remarks about his products clearly had an impact on sales: turnover at the Ratners chain was down much more sharply than at the group's other stores. A second strategic error was the aggressive price-cutting promotion in the run up to Christmas, which helped prop up turnover but eliminated profits. The notion of Mr Ratner as a brilliant retailer laid low by financial problems clearly needs review.

That, however, is the past. For the future the banks seem to have decided that the group has a chance of trading on a reasonably even keel, and that anyway disposing of the assets under current conditions would be extremely difficult. That idea is reinforced by the disclosure that the banks and the company may allow holders of the Ratners convertible with a put option to get their money this October, rather than triggering a default of the bonds and provoking a more widespread refinancing.

Ratners will live to see another Christmas, although it may not be a pleasant experience. The strategy of cost cutting and better sourcing may be sensible but, with no encouragement from the economy, making any price increases stick will be difficult. A loss still seems likely this year, and while an operating profit is possible after that, delayed preference dividends are mounting up at some £27m a year.

The idea of the shares as option money has not changed and, in any event, the company has only a stay until next June. If the business then is worth less than the accumulated debts, the banks may demand equity as the price of further support.

US markets

Before yesterday's intervention to support the dollar so spectacularly failed, the US bond and equity markets were trying to digest Mr Bush's keynote speech. The idea that taxpayers might be invited to "tick the box to reduce the deficit" was waved aside, and proposals to link tax cuts to spending cuts were taken with an appropriately large pinch of salt. But there was a sense that Mr Bush might be able to win voter support by pinning Mr Clinton to a high tax, high spending platform.

Despite a slight fall in bond yields in response to the speech, the political risks of the election have yet to filter through to the US Treasury market. Equities are still less affected. As this year's election in Britain showed, political factors can take a long time to feed through to prices, and it may be well into September before opinion polls dominate market movements. When the focus shifts, however, investors may begin to suspect that the policies of either candidate could in practice mean higher budget deficits.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
D'sche Babcock	136	+	3.5
KHD	110	+	3
Falls			
Asko	715	–	14.5
Didier-Werke	116	–	5.5
GEHE	408.5	–	8.5
New York ($)			
Rises			
Autodesk	44¾	+	2¾
Hadco	5¾	+	½
Mitsubishi	17⅛	+	2⅛
Falls			
Goodrich	40⅜	–	3¼
Presley	2⅝	–	1¼
USX-Marathon	17⅞	–	⅞
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Copares	640	+	25
Lyonn Eaux Dm	519	+	14
Spie Batt'les	277	+	7.5
Suez (Fin de)	231.9	+	5.2
Falls			
Euro Disney	73.5	–	2.1
Pechiney Int	163	–	7.2
Tokyo (Yen)			
Rises			
Daiichi Hsng Ln	290	+	80
Nichiboshin	300	+	96
Nichimo	355	+	105
Nippon Hosg Ln	[illegible]	+	80
Falls			
Kawashima Text	176	–	30
Toyota Auto Bd	212	–	48
London (Pence)			
Rises			
British Gas	243	+	7½
Hartstone	154	+	15
Inchcape	403	+	17
Learmonth & Burch	115	+	14
Pearson	115	+	10
Reed Intl	460	+	12
Sherwood Group	123	+	11
Sth West Elec	320	+	13
Thames Water	436	+	12
Usher-Walker	150	+	7
Wellcome	822	+	20
Falls			
Amstrad	22	–	2½
Applied Holographics	100	–	8
Birse	17	–	2
Bridport-Gundry	39	–	4
Crown Eyeglass	138	–	22
English China Clays	485	–	14
Heath (CE)	239	–	12
Osprey Comms	8	–	2
Proudfoot (A)	144	–	7
Willis Corroon	156	–	14

World Weather

UK Today: Over much of central and eastern England, it will turn cloudy with rain at times after a bright start, with the south-east faring best until the evening. But over Scotland it will become brighter after early rain.

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Cairo	S	32	90	Inverness	F	15	59	Milan	S	29	84	Salzburg	S	29	84
Algiers	S	33	91	Cape Town	H	15	[illegible]	Isle of Man		16	61	Montreal †	F	13	55	S'Francisco †	S	13	55
Amsterdam	F	21	70	Cardiff	C	20	68	Istanbul	S	30	86	Moscow	C	14	57	Seoul	C	30	86
Athens	S	34	93	Chicago †	S	11	52	Jersey	S	18	64	Munich	S	27	81	Singapore	F	29	84
Bahrain	S	39	102	Cologne	S	21	70	Johannesburg	S	20	68	Nairobi	C	22	72	Stockholm	F	18	64
Barcelona	S	27	81	Copenhagen	C	17	63	Las Palmas		26	79	Naples	S	30	86	Strasbourg	F	25	77
Beijing	S	27	81	Corfu	S	34	93	Leeds	F	21	70	Nassau		-	-	Sydney	S	15	59
Belfast	F	16	61	Dallas †	S	19	66	Lisbon		24	75	Newcastle	F	18	64	Tangier	S	25	77
Belgrade	S	37	99	Dublin	F	18	64	Locarno	S	30	86	New Delhi	C	30	86	Tel Aviv	F	31	88
Berlin	F	22	72	Dubrovnik		-		London	C	21	70	New York †	S	17	63	Tenerife	S	26	79
Biarritz	F	25	77	Edinburgh	F	16	61	Los Angeles †	S	19	66	Nice	S	27	81	Tokyo	S	29	84
Birmingham	C	19	66	Faro	S	24	75	Luxembourg	C	20	68	Nicosia	S	28	82	Toronto †	S	13	55
Blackpool	F	19	66	Florence	F	28	82	Madeira	F	24	75	Oporto	F	22	72	Tunis	S	33	91
Bombay	Dr	28	82	Frankfurt	C	23	73	Madrid	S	26	79	Oslo	F	18	64	Valencia	S	33	91
Bordeaux	C	24	75	Geneva	S	28	82	Majorca		29	84	Paris	F	20	68	Vancouver †	S	13	55
Boulogne	C	18	64	Gibraltar	S	28	82	Malaga	S	32	90	Perth	S	21	70	Venice	S	31	88
Bristol	C	20	68	Glasgow	F	15	59	Malta	S	35	95	Prague	F	27	81	Vienna	S	31	88
Brussels	S	22	72	Guernsey	C	17	63	Manchester		21	70	Reykjavik	R	12	54	Warsaw	F	23	73
Budapest	S	35	95	Helsinki	C	13	55	Melbourne	C	12	54	Rhodes	S	28	82	Washington †	S	19	66
Buenos Aires		-	-	Hong Kong	C	27	81	Mexico City		-		Rio d'Janeiro		-	-	Wellington	F	12	54
				Innsbruck	S	28	82	Miami †	F	26	79	Rome	S	28	82	Zurich	S	27	81

Temperatures at midday yesterday † Noon GMT temperatures C - Cloudy Dr - Drizzle F - Fair Fg - Fog H - Hail R - Rain S - Sunny Sl - Sleet Sn - Snow T - Thunder

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Weekend FT

SECTION II · Weekend August 22 / August 23 1992

Houston: awakening of the president

*At the Republican convention, **Jurek Martin** sees a revitalised George Bush train his sights on two elusive quarries*

WHEN George Bush kept defensively insisting that he would hold his fire until Houston, the assumption was that his target was Bill Clinton, not Saddam Hussein. Now that he has both the Democratic presidential candidate and the president of Iraq in his sights, one metaphorically, the other looking at the wrong end of a barrel, he seems a happier man.

There was a bounce, a snap, to the president of the United States this week not seen all year. Perhaps it was the coming home to Houston, where he spent his post-university formative years in the oil "bidness" and where he now maintains a room in a bankrupt hotel and a rather small undeveloped lot to prove his Texan residence.

Perhaps it was the sufficiently adulatory welcome he ultimately received in the Astrodome from the Republican party convention, which had spent most of the early part of a fractious week with conservatives and moderates biting each other's ankles.

But neither explanation really suffices. Nor was there more than tentative evidence in the ubiquitous public opinion polls, which now dissect and discern, though with uncertain accuracy, every thought that may or may not have crossed the mind of the average American citizen, to put the president in a better frame of mind. Acknowledging their exceptional volatility this year and allowing that Bush will get his "bounce" from the convention, they are still not predicting that he will beat Bill Clinton on November 3.

No, the answer can only lie in something almost chemical. It seemed as if George Herbert Walker Bush had suddenly woken up from a long sleep and come to a conclusion about what he had to do to win, at home and abroad. No more, to quote Martin Luther King, "the paralysis of analysis," no more moaning about political gridlock in Washington, no more complaints that the US was a country, in his words, "with the will but not the wallet."

What he promised this week was war in a good cause, with few, if any, holds barred. In his acceptance speech he drew his line in the sand with Clinton and the Democrats in Congress, with the sort of one-liners that only a great speechwriter – in this case Ray Price – of Nixon vintage can supply.

Opinions about the US president are many but fall into two broad parts. The indictment is that he is an empty shell, with no agenda for the country other than his own re-election, a captive of the ways of Washington, a patrician who has always needed patronage and not cared too much about its source, a leader without principle, lost unless stiffened from behind the arras, be it by Margaret Thatcher after Iraq invaded Kuwait or by his old friend James Baker, already available though he does not formally move back from the State Department to the White House until tomorrow.

The defence is that Bush is a good man on the important things, a devoted and experienced public servant whose resolve has been tested in the Second World War and in the Gulf, a congenital optimist who is kind and loyal to others, sometimes to a fault. Above all, as the Republican party tried to get its act together this week after the right wing had had its dominant say in shaping the party platform, he has the great virtue of not being a Democrat and not being Bill Clinton.

There is truth in both counts. This itself made him intrinsically the most interesting person on display in Houston this week, for which title he was not without competition. That league does not include the delegates themselves, the usual crowd of button-festooned, funny-hatted faithful often more intent on the party circuit, profoundly suspicious of, and sometimes impolite to, anyone wearing a press badge, and overwhelmingly white, straight and Christian.

But the convention was treated to former president Ronald Reagan at his more visionary; to Barbara Bush at her most matriarchal; to Pat Buchanan at his most ferociously ideological; to vice-president Dan Quayle at his most earnestly combative; to Jack Kemp, the housing secretary, at his most open-minded; to Phil Gramm, the Texas senator, at his most partisan; to Governor Bill Weld of Massachussetts at his more provocative, and, above all, to James Baker, the president's past and hopefully future saviour, at his most discreetly invisible. And if those who spoke failed to engage, it was perfectly all right to invoke the Almighty.

Collectively, they put together a convention that started badly, moved through a tedious middle passage and finished on a reasonable note of hope, not so much because they had resolved their own manifold internal differences but because they thought they had found a leader again and had definitely located the enemy, and he was not within their own ranks.

Bill Clinton, that enemy, has long known he was in for rough treatment at Republican hands in the election proper and must now understand how rough that is going to be. The high and low roads will be travelled with abandon. Much will be heard, legitimately, about his record in Arkansas ("the failed governor of a small state" was this week's mantra); his lack of formal foreign policy experience (a youthful internship on the Senate foreign relations committee, according to one speaker); the costly impracticability of his economic proposals; his identification with the demon Democrats in Congress (his health care plans are not his own, the charge goes, but the work of that "sultan of the *status quo*," George Mitchell, the Senate majority leader).

But it will be equally commonplace for presidential surrogates to say what they like about him and his wife, be disowned one minute by the president and perhaps apologise for overstepping the mark, and then go back to saying what they like about him. Where one is reined in, another will burst loose.

The litany will run to innuendoes about Bill Clinton's marriage, his alleged draft dodging and his wife's perceived radical feminism. This week's trial assaults were purveyed by Catalina Villalpando, the US treasurer, and Robert Mosbacher, former commerce secretary and party big-wig. Both naturally apologised, on paper, and seemed not to mind one bit. Their job was done.

And if the media objects to the low road, as it showed signs of doing this week when the attorney general of California once again raised the supposedly exorcised spectre of Willie Horton, the criminal treated leniently by Michael Dukakis, it will be dismissed for its liberal bias.

Barbara Bush herself, trying so hard to appear above the partisan fray while being plunged into the thick of it with her exposition to the convention of traditional family values, kept saying in countless interviews that what was being done to Clinton was only on a par with what the Democrats in New York had inflicted on her husband. Of course she disapproved of personal attacks, but, she asked one persistent questioner, "where were you last month?"

Whether this all works really does come down to the two men on the top of their tickets, Bill Clinton and George Bush, and, to an infinitely lesser extent at the margins, to their running mates, Al Gore and Dan Quayle. Since the prehensile grip of the two parties on the political process has weakened, presidential elections have become intensely personal.

Money and campaign organisation are factors, but federal funding is a relative equaliser and, with James Baker back on board, the advantage the impressive Clinton team once had has probably been neutralised.

Platforms have their day in the sun, but are often discarded once conventions are over. Rich Bond, the Republican party chief, was quick to argue that the controversial plank on abortion – demanding that it be constitutionally banned in all cases, including those where pregnancy is the result of rape and incest – was "only 1/150th part" of what the party agreed to. In this case, he must hope the electorate sees it that way and does not also pay too much attention to the exclusionary right-wing dogma of much else in the document.

This brings ultimate consideration back to George Bush, defender of the faith and the White House, and the trickiest man of the two to judge. That he likes a fight cannot be doubted. David Broder, the veteran *Washington Post* journalist, described him this week as "a competitor who psyches himself to a high level of performance for critical tests."

Bush would concur. He has now taken to likening himself to Harry Truman, the much derided little man who gets off the floor and

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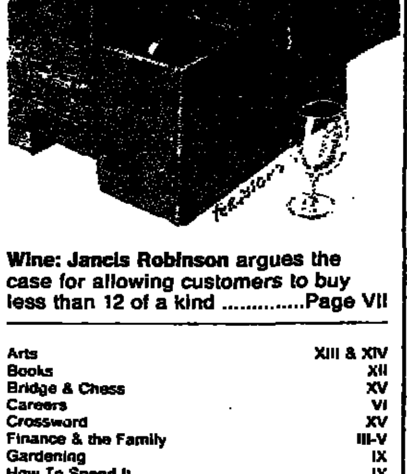
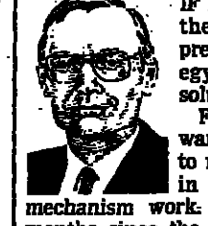


Wine: Jancis Robinson argues the case for allowing customers to buy less than 12 of a kind ....Page VII

The Long View/**Barry Riley**

Cold comfort at below zero



IF PRICES can go down there is hope for the present economic strategy. If not, the only solution is inflation.

Flexibility downwards is the crucial key to making participation in the exchange rate mechanism work. Already, in the 22 months since the government hitched sterling to a central rate of DM2.95 (although it has rarely attained that level in practice), there have been some unheard-of adjustments. London house prices, for instance, have dropped by around 13 per cent, according to the Halifax Building Society: the conventional wisdom was that house prices could never fall. As for commercial property, central London office values have crashed by some 38 per cent.

The big problem, however, was always going to be the labour market, and that remains stubbornly resistant. Since ERM entry, average earnings have risen by 15 per cent while the British economy has shrunk by some 3 per cent in real terms. That 18-point gap is vastly in excess of any productivity gains and is one measure of the inflationary strains still tearing the economy apart (involving, for instance, a profits squeeze and an excess of domestic demand over supply).

Unemployment has risen from 1.7m to 2.7m since October 1990. That is bad enough, but large numbers of people apparently have left the workforce and do not appear in the numbers.

In other respects, the impact on the economy of entering a fixed exchange rate regime has, broadly, been predictable. Money market interest rates have come down from 15 to 10 per cent. Bonds have outperformed equities substantially even though shares were particularly low at the time because of the Gulf crisis: the FT-SE 100 index has shown a capital gain of about 15 per cent while long gilts are up about 25 per cent; on a rate of return basis (including gross income), the outperformance by gilts has averaged nearly a point a month. Most of the benefit of this appears, however, to have gone to foreigners, because British investors have remained devoted to equities, which served them so well in the past.

Inflation, too, has slowed rapidly. During the 12 months leading up to ERM entry it was more than 10 per cent. In the subsequent 22 months, prices have risen by only another 7.5 per cent. By the beginning of 1993, if we stay on course, it looks as though the annual inflation rate will fall below 3 per cent.

Monetary growth has also collapsed. Over the past 12 months it has run – on the M4 measure – at a mere 5 per cent, compared with something like 15 per cent a year during the 1980s. In fact, the money supply has not been growing as slowly as it is now since the beginning of the 1970s, which is why the behaviour of financial markets is surprising so many people (I am thinking, for instance, of analysts who are trying to value the equity market on the basis of average bond-equity yield ratios during the past 20 years).

During the 1980s, the financial system became accustomed to double-digit growth rates of balance sheet assets and liabilities, underpinned by ever-rising asset values. Only when the government realised that asset price inflation would feed through to retail prices did it spoil the party. Indeed, property values have proved adjustable downwards in nominal terms, a unique departure from British post-war experience. But this does not mean that the financial system can accommodate a price meltdown safely.

In times of growth, property-based lending tends to improve its own security. The greater the volume of lending, the higher property prices rise. But, in reverse, the system turns into a vicious circle. When lenders seize their security and sell it, prices are driven down further. This undermines the security of other loans. Meanwhile, potential buyers hold off because they are afraid of suffering capital losses.

If high percentages of the value of property have, conventionally, been lent by financial institutions, a financial system must be vulnerable to falling asset prices. This is true in the UK, although the worst of the losses on residential property have been borne by the insurance companies which sold mortgage indemnity policies. If there were another downleg to the bear market in house prices, the building societies and banks would be much more exposed – which could be why they have become so much more nervous in recent weeks.

In commercial property, there is another valuable protection for property owners and their lenders: the upwards-only lease. This does not help developers or other owners of untenanted property. Nor does it protect the landlord if the tenant goes bust. But if your tenant is, say, a public sector body, the lease is as good as a gilt-edged security even if open market commercial rents should go spiralling down and down in the future.

This arrangement protects institutional owners and, to some extent, the banks (although most of their lending was probably on developments). But it also means that most commercial rents cannot fall in the foreseeable future. This could put established businesses at risk: for them, the vast amount of cheap modern space is out of reach.

Similarly, in the labour market, pay is in practice decided on an upwards-only basis. Employers making losses tend to lay off staff or even shut up shop rather than attempt to recruit at below the going rate. There are exceptions, in areas of relatively casual employment such as construction or catering. But, in more rigid sectors, inflation is no longer fast enough to cover up the brutal need to cut pay in real terms. The result, again, is a growing waste of resources as supply and demand cannot be brought together.

There can be no net zero inflation unless prices are free to move down as well as up. John Major should have thought about this 22 months ago when he put the UK into the ERM – and he should be thinking even harder now.

London Markets

When a bit of financial advice can be a royal pain

By Peter Martin, Financial Editor

BELIEVE ME, being a financial adviser isn't all it's cracked up to be – mine's a whisky, thanks. I mean, do you ever stop to think what I have to go through? Take that last trip of mine. OK, you know about fighting off photographers, goes with the Fimbra membership, right? But can you imagine having to take a copy of the Bank of England Quarterly Bulletin with you?

There I am, trying to keep everyone cheerful, dripping sun-tan oil over a chapter called "Negative equity in the housing market". No joking, if Stephen King ever falls on hard times, he can take a job in the economics department of the Bank.

Of course, he's what they call a master of suspense, and Mervyn King – who I gather is the horror-meister in Threadneedle Street these days – is a bit lacking in that department. Still, the boy's got the right surname, and he's learning.

He starts slow, all right ("This situation has left many households with a home worth less than the value of their mortgage, a phenomenon that has been termed 'negative equity'"), but after a bit you're biting your fingernails and jumping if a car backfires.

Take this little gem: "Such estimates suggest that by the second quarter of this year around 876,000 households faced a situation in which the value of their home had fallen below the value of their mortgage. For three of the most severely affected regions – the south east, Greater London and East Anglia – around two-thirds of all first-time buyers who have entered the market since 1988 are now likely to have some negative equity."

OK, it takes a while to get into the swing of the prose style but, believe me, when I read it out there wasn't a dry eye or pink knuckle around the pool. Remember, the client is a recently separated upper-middle-class spouse with a couple of kids and a house in the home counties; and there are a pair of minders along for the ride, with houses in Essex and mortgages up the gazoo. I mean, this is strictly bad news time.

Mind you, some people take a while to get the message. "But I haven't *got* a mortgage," says the client. Read on, sweetheart, say I. "Since the beginning of 1988, over 180,000 properties have been taken into possession by lenders . . ." Just think what that'll do to property values in the Thames Valley. And if you're contemplating going back to work, now you're on your own, I point out, think of the damage to the economy: "305,000 borrowers were more than six months in arrears at the end of June, with 115,000 more than 12 months behind."

As Mervyn or his blurb-writer says: "Spending on major purchases has been particularly weak; consumer confidence has fallen back and households are repaying consumer borrowing." I couldn't have put it better myself.

Still, there was some good news round the sun-beds. I mean, the stock market closed the week up a bit, after rising for four days out of the last six. The *FT-SE* index closed at 2,365.7, up 8.9 points on the week. That's a pretty strong performance, really, considering what the rest of the news crackling over the World Service was like. The pound was plastered against the bottom of the ERM, and my dollar travellers' cheques didn't go very far in the local bar. The Bundesbank made some heavy duty noises about inflation and the need to keep interest rates up. The second-quarter gdp figures showed a minuscule increase for the first time in two years, but retail sales in June turned down. Some guy at the Central Statistical Office offered a seasonally adjusted joke: "A recession is when you lose your job; a depression is when I lose mine." (Thanks a bunch; that probably sounds funnier if you work in the civil service.)

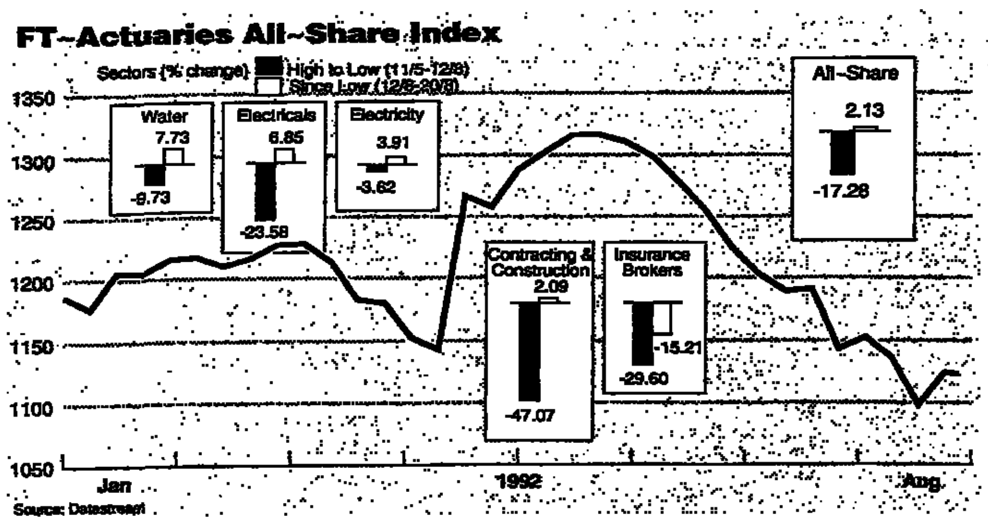
And there was another big-company dividend cut - from Sedgwick, the insurance broker. Just when you think company chairmen have decided they're too scared of Paddy Lineker at M&G to cut the dividends, another brave soul plunges in. Corroon and Black, another big broker which seemed to be suffering just as much from the insurance industry's woes managed to keep its dividend intact.

But Sedgwick's chairman David Rowland made a few gnomic comments ("Dividend cuts come about for other reasons than 'disasters in business'"), dropped the interim dividend from 4p to 3p, and went off to run Lloyd's. I guess he'll feel right at home, since they've taken his approach even further by introducing negative dividends.

Don't company chairmen realise what all this dividend cutting does when you're trying to put together a portfolio of income shares for someone who is about to come into a lump sum? It's not as if the capital-gains side of things is easy, either. Look at this chart I scratched out on the back of a corn-flakes packet. It shows the sectors that did worst in the slide from the end of the post-election blip in May and the ones have done best since things started looking up a week ago.

There's a strong interest-rate theme in both periods, I'd say, which means that the motor behind the recent recovery is probably a feeling that the moment when German rates start to ease isn't too far away. That makes the equity pickup very vulnerable to more bad interest-rate news from Germany – or any sign that Norman Lamont will have to push up UK rates to stop the pound falling out of the bottom of the ERM.

Well, that's what I told the client, anyway. She didn't seem to be paying attention – said there was some sort of curious reflection over in the bougainvillea bushes. Ignore it, I said. Who'll care about a few summer snaps, anyway?



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2365.7	+8.9	2737.8	2303.1	Unchanged Lombard rate
Anglian Water	436	+25	441	308½	Defensive water stocks
BICC	272	+13	360	235	Good results
Heath (CE)	239	-58	477	239	Profit worries
Hickson Intl	172	-16	227	167	Forecast cuts after results
Hillsdown	97	-23	200	94	Downgrades/figures due
Kwik-Fit	108	+14	225	93	Recovery
Ladbroke	147	-7	267	137	Weak hotels/lack of support
Northern Electricity	339	+14	361	225	Elec package unravelling
Saatchi & Saatchi	139	-19	245	115	Correction
Sedgwick	109	-38	240	109	Disappointment over results
Smith (WH) A	377	-29	494	368	MMC inquiry/figures due
Trafalgar House	48	-9	165	45	Financial worries
Wellcome	822	+35	1174	777	Gag on broker comment ends
Willis Corroon	156	-29	274	153	Disappointment over results

Serious Money

Don't discount investment trusts

By Philip Coggan, Personal Finance Editor

THOSE who bought shares in the investment trust launches of the past year or two could be forgiven for feeling a trifle sick. There are few profits to be had.

On Friday morning, package units in M&G Recovery, offered at 100p, were down to 93p; those in M&G Income were 89p. Those who invested in Fidelity European Values were worse off by around 8 per cent even after adding back the value of the warrants. And if you bought a capital share in the Contra-Cyclical Investment Trust at launch, your 25p investment has turned into 11p.

Of course, these trusts are designed to be long-term investments. That means they need to be held for at least five years, and probably 10, before their real advantages come through.

Adding to the problems of the small investor, however, the success or failure of these trusts is not merely a matter of whether the stock market performs well. Even if the trust's portfolio rises in value, an investor in a new issue can lose money because of the discount factor.

It is relatively easy to value an investment trust. You can simply take the market value of all the shares in its portfolio, deduct the debts, and divide by the number of shares in issue. The result is the net asset value (nav) per share.

However, investment trust shares very rarely trade at the nav price. Normally, they trade below that price – at a *discount*, as the jargon has it. The discount is a function of the demand for the shares. If few investors want to buy the shares (perhaps because the manager's record is poor, or because the trust's portfolio is expected to fall in value), the discount will be wide.

It is possible for a trust's shares to trade at a premium. Historically, this has tended to occur with geographical specialist trusts. A Korea fund, for example, might be the only way most investors can gain exposure to the Korean economy; so, if prospects for that area are perceived to be good, investors will bid the share price above the asset value.

More recently, however, premiums have tended to be associated with split capital investment trusts. By dividing up the share capital in ways that offer tax advantages to different sets of investors (zeroes, income shares etc), enough demand was created to enable the trust as a whole to trade at a premium.

There is some debate in the industry whether these premiums are "fool's gold." A split capital trust still owns the same sorts of shares as a normal trust; so, why should someone pay a premium for assets he can buy at a discount elsewhere?

There is also a more general worry, though. The rediscovered enthusiasm of private investors for investment trust shares has, by creating extra demand, narrowed the sector's discount. From more than 23 per cent in 1988, the discount reduced to just over 11 per cent in 1991.

If the discount widens again, the new shareholder recruits to the sector may see their savings battered. They might feel as disillusioned as all those investors who piled into unit trusts at the top of the bull market in 1987.

To date, the news has been relatively encouraging. Although stock markets have been weak – normally a factor which widens discounts substantially – the sector discount is only 14 per cent. According to Robbie Robertson of County NatWest, the sector seems to bounce back when the 15 per cent discount level is reached.

Perhaps private investors have been convinced of the merits of savings schemes. Every time prices fall, the monthly payment buys more shares. Indeed, if savings schemes can be kept as a stable source of demand for shares, then historical discount levels of 25 per cent might never recur. A virtuous circle can be created.

* * *

A final thought. Most experts seem to think that bonds will be highly attractive to private investors in the low-inflation, low-growth 1990s. That might well be true for retired investors who depend on their savings for income. But the story could be different for those who are saving for the longer term.

Each investor is entitled to an annual capital gains tax allowance – which is £5,800 in the 1992-93 financial year. In other words, your first £5,800 of gain is tax-free.

Not only that, but the Revenue also allows investors to index their gains to avoid the effect of inflation. This is a very useful tax break which makes it quite hard to pay CGT – just 165,000 people paid it in 1991.

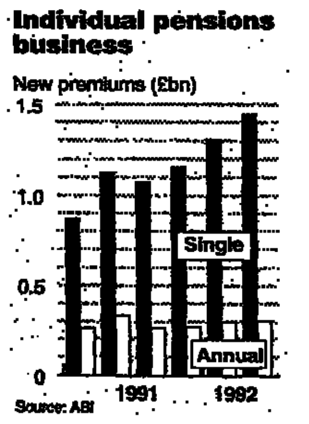
Take a top-rate taxpayer with savings of £50,000. If the funds were placed on deposit, he might earn £5,000 in gross interest this year – but that would translate to just £3,000 after tax. If he made £5,000 of capital gains, the return would be tax-free.

Of course, a building society investor can be reasonably certain of his income, whereas investing for capital gains is a risky business. Nevertheless, equities have traditionally outperformed bonds over the long term.

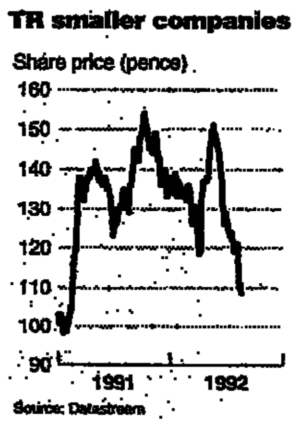
And even if gross bond returns matched those for equities in the 1990s, equities would still make the average investor better off in net terms. So, despite the recent bad news, a broadly-spread investment trust still looks a good long-term savings vehicle for the small investor.

AT A GLANCE

Individual pensions business



TR smaller companies



Funds boost for life insurers

Life insurance sales figures for the second quarter of this year remained healthy, although they bore testament to the UK's continuing recession, according to industry-wide figures from the Association of British Insurers. Life insurers still seem to be attracting fresh funds more successfully than the building societies. Single premium pension sales, boosted by people investing their redundancy cheques, continued to register strong growth, rising 27 per cent to £1,450m. Meanwhile regular premium contracts, which tend to require investors to have confidence in their long-term employment prospects, did poorly, falling 10 per cent to £304m.

No-cost Pep from TR

Touche Remnant is offering a personal equity plan investing in the TR Smaller Companies Investment Trust, which is free of any charges to the investor. There will not even be any charge for dealing or stamp duty. However, Touche Remnant will receive an administration fee from TR Smaller Companies. TR believes that this will be in the interests of shareholders because any reduction in the trust's net asset value will be outweighed by a reduction in the discount. The trust has not been particularly attractive for Pep investors so far because it aims for capital growth rather than income, but TR does not believe this will be an issue when there are no direct charges to investors.

Meanwhile, smaller company shares in general continue to fall. The Hoare Govett Smaller Companies Index (capital gains version) fell 0.2 per cent from 1027.7 to 1026.05 in the seven days to August 20, while the County Index fell 0.5 per cent to 815.69 over the same period.

Barratt offers 8.5% mortgage

Barratt, the building company, is offering 8.5 per cent mortgages fixed for three years on its houses. It claims this is the cheapest rate for 14 years. Several lenders are currently offering mortgages fixed for three years at less than 10 per cent, but Barratt's offer undercuts almost all competition by a clear percentage point. The deal applies to new Barratt homes at 200 developments nationwide, and older houses the company has taken in part-exchange for purchases. Mortgages of up to £60,000 in the south east, and £50,000 elsewhere, are covered by the deal, which is offered to buyers who reserve a home between August 25 and September 30, and exchange contracts by October 16. Three-year mortgage redundancy protection insurance is available for loans of up to £100,000.

New postal account from C&G

Cheltenham & Gloucester launches a new postal account today, the London deposit account, which is a tiered version of the London Share Account. Investors can choose to have interest paid monthly though this will be at a lower rate than annual interest. The minimum transaction amount is £250. The account is advertised as instant access but withdrawals will be subject to a penalty of seven days interest.

The minimum deposit is £5,000, compared with £2,500 in the Share Account. There are three tiers. Interest rates start at 9.6 per cent gross (annual) and 9.11 per cent (monthly) and the top rate is 10.2 per cent gross on £25,000 or more (annual) and 9.66 per cent (monthly).

Wall Street

Bush says sorry but stocks still slide

AS PUBLIC apologies go, it was a big one. President Bush, in the speech Wall Street had been nervously awaiting all week, said he was sorry for breaking his pledge and raising taxes in 1990.

He admitted the tax increase was a mistake, he promised he would not do it again, and to make it up to everyone, he said he would cut taxes in his second term, but only if Congress would accept a compensatory cut in government spending.

The President's words drew an ecstatic response from the Republican mob in Houston, but on Wall Street the reaction was more muted – polite applause but nothing more. As Newton Zinder, technical market analyst at Shearson Lehman, put it: "Nice speech, now get re-elected."

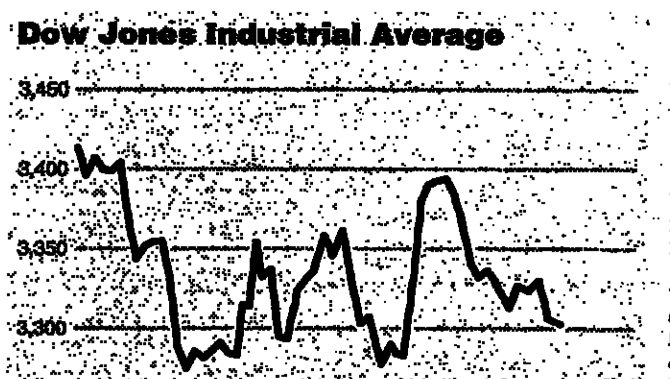
The main emotion yesterday morning was relief that the President had not made any rash promises on taxes. Demand for Treasury bonds had been restrained for a week before the speech by concern that Bush would announce a big tax cutting package – a move that investors feared could revive inflationary pressures in the economy, as well as hamper the long-term chances of reducing the budget deficit.

Yesterday's half-point rise in bond prices, therefore, was more a representation of the market reclaiming the ground it had lost over the previous week than a positive response to the speech itself.

The stock markets, meanwhile, were far from impressed. The Dow got a quick 15-point lift in the first few minutes, but it could not hold on to its opening lead, and by early afternoon it was registering a loss of 30 points under pressure from the falling dollar.

The early consensus among equity analysts and economists was that while the President's speech may have looked and sounded good on television, it was short on economic specifics.

There was no explanation of how he would manage to cut taxes and spending, create jobs and reduce the deficit all at the same time. The markets also know full well that unless there is a dramatic turnaround in voting patterns, Congress is unlikely to be controlled by the Republicans in 1993. The chances that Bush will win approval for his plans if he wins a second term are slim.



If the reaction from stock and bond markets was less than inspiring, the response from the foreign exchange markets to the speech was the equivalent of a big raspberry. It must have been embarrassing for the White House to see the world's central banks stampeding into the currency markets to save the plummeting dollar the day after a supposedly triumphant appearance before the nation by the President.

Luckily for Bush, the US electorate pays no attention to the dollar. The stock markets, unfortunately, cannot afford to be so easy-going about the currency situation. The dollar's sustained weakness may help exporters (sales of US goods overseas set a record in June), but it leaves the Federal Reserve with less and less room to engineer another reduction in interest rates.

If the latest economic statistics are anything to go by, the economic could do with some fresh stimulus. The report on July's housing starts was released this week showing a 2.8 per cent decline in the number of new homes being built. The housing starts data are regarded as an important leading indicator of economic activity, and to see the numbers in decline at a time when mortgage rates are at historically low levels does not bode well for the immediate economic outlook.

The housing numbers made it a difficult week for housebuilding stocks. Three of the biggest, Clayton Homes, Centex and Standard Pacific all posted notable losses on the data, while another, Kaufman & Broad, underlined the gloomy short-term future for the sector by warning that its third quarter profits would be some 20 per cent to 30 per cent below the a year ago.

Bank stocks also had a tough week. Almost all the important money-centre stocks took a big fall on Wednesday on a variety of rumours: that the US fund group Fidelity was a big seller of Citicorp stock; that the recent debt accord between Brazil and international banks was in jeopardy: that weakening Japanese banks would spell big trouble for US institutions: and that Citicorp was planning a new stock issue.

None of the rumours turned out to be true, but the sharp sell-off on Wednesday showed how vulnerable the bank sector remains despite a good second quarter and talk of much improved balance sheets.

Patrick Harverson

Monday	3324.89	− 4.06
Tuesday	3329.48	+ 4.59
Wednesday	3307.06	− 22.42
Thursday	3304.89	− 2.17

The Bottom Line

BICC begins to bounce back

WHEN BICC's share price hit a low of 239p on August 11, a dividend cut seemed on the horizon and there was some alarm about possible property write-downs.

Not surprisingly, when the cables and construction group announced its interim results this week, explanation of the property portfolio came high on the agenda, closely followed by mention of "the best cash performance for five years".

The share price, which had already returned to 262p, gained another 10p by yesterday. The case for crediting the group with recovery potential, alongside its high yield, was at least being mentioned even if trepidation about the economy dictated hold rather than buy.

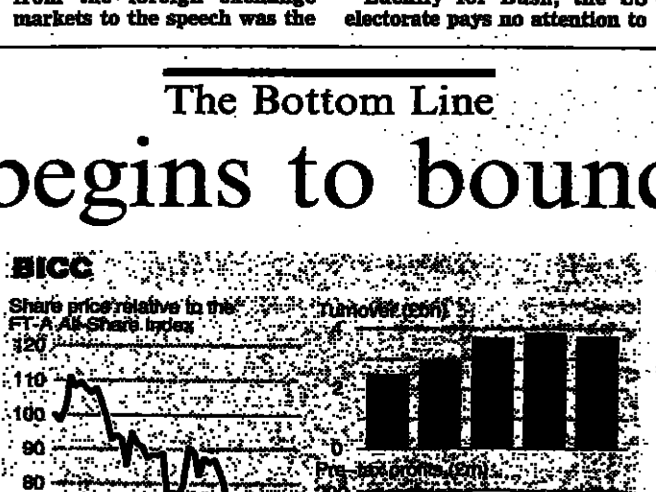
But how is it that a group that owns one of the world's three largest cables businesses and a premier name in contracting, in Balfour Beatty, has seen its share price halved in three years? Having helped to restore BICC's image from sleeping giant to world-class cables company in the late 1980s, Robin Biggam, now the chairman, faces another uphill struggle.

BICC's pre-tax profit peaked in 1989 at £201m on turnover of £3.79bn. Although it went on to achieve a record interim result of £100m in 1990 – compared with the £58m announced this week – doubts had already crept in.

The group had spent heavily not only to expand its cables business on the continent and in the US, but also on property development and house building, leading to a build-up of on- and off-balance-sheet debt.

By June 1990, the chance to start buying into Spain's biggest cables maker led to an issue of £177m of convertible capital bonds. As the Spanish acquisition (complete with £100m debt) was to be phased in over two years, the fund-raising looked premature and sparked off much gnashing of teeth over BICC's gearing and cash flow.

The balance sheet was put into shape this year with post-election opportunism, via a £154m rights issue at 285p a share.



Part of the justification for the issue was the acquisition of cables companies in the US and the former East Germany. But put alongside a stated intention to maintain the 19.25p dividend, it was clear that something would have had to give without the injection from shareholders.

What has emerged is a group freshly determined to focus on its core businesses of energy and communications cables and civil and power contracting. What holds it back, apart from recession, is the backlog of property development and houses.

Balfour Beatty, which accounted for nearly half the group's £1.77bn interim turnover and a fifth of the £75m operating profit, is undergoing a shake-up under the new leadership of Sir Robert Davidson, chairman, and Peter Mason, chief executive. Job losses include half of the head office staff.

In cables, the pace of acquisition is being matched by rationalisation. In the last five years, turnover from the European business has doubled, but the headcount has hardly changed. Biggam pointed out that the latest US acquisition would provide a further opportunity to streamline the north American operation.

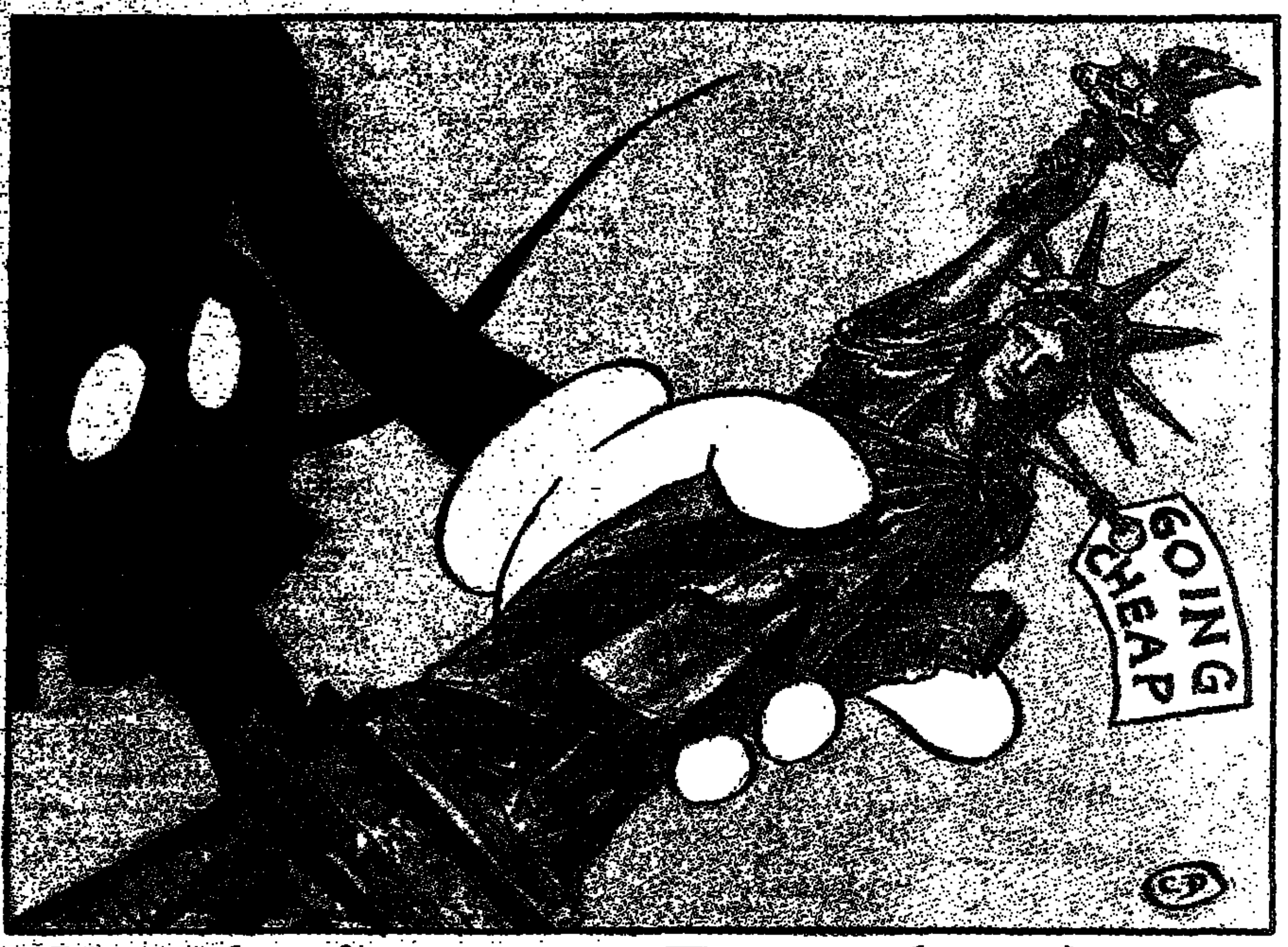
Reduced interest costs, profit improvements in north America, Spain and Australasia, plus a seasonal boost from Balfour Beatty, have been included in forecasts of around £130m pre-tax for the full year. About 22p of earnings would give a prospective p/e of less than 13, a small discount to the market, while the 9 per cent yield is roughly 75 per cent above the average.

The sting in the tail of last year's results was a £42m exceptional charge for property write-downs and losses on the Channel Tunnel contract. Will the sting be repeated? The answer is yes, probably, but to a smaller extent. This time concern focuses on Spitalfields, a long-term joint venture valued at £65m in the portfolio.

So long as the charges do not represent a cash drain, the renewed faith in dividend maintenance is unlikely to be shaken. As for hopes of earnings recovery, the impression is one of a long haul. This was the case after the last recession when it took until 1986 to regain the 1981 level of just over £100m pre-tax. However, with two quality businesses and yield support, the arguments look strong for the long-term investor.

Jane Fuller

FINANCE AND THE FAMILY



Cash in on Uncle $am

Philip Coggan shows how to make the most of a weak dollar

FANCY A three-bedroom Florida home with a view of the ocean for £67,000? With the pound worth almost two dollars at the moment, any Briton who has visited the US for a holiday will have discovered how cheap most things are – a decent double room in a motel can be had for £17 a night, for example.

It seems unlikely that this can last for ever. In 1985, the pound and the dollar were at virtual parity. And while the pound is tied to the D-mark, its rate against the dollar is free to fluctuate. According to a survey by Godwins Cityscope, 88 per cent of investment managers think that sterling will have a lower value *vis-a-vis* the US dollar in 12 months.

So, are there ways for UK investors to benefit from the current cheapness of the dollar, aside from taking the kids to Disneyland?

The first thing to realise is that investing in another currency inevitably involves a gamble. There is no guarantee that the dollar will not decline even further. When the time comes to convert your investment back into sterling, it could fall in value.

A second important factor is that US interest rates are much lower than those in the UK – indeed, this is one factor behind the dollar's decline. Dollar bonds pay about 2 percentage points less than gilts and dollar deposits pay 6 to 7 percentage points less than a building society account. So buying dollar assets means sacrificing income in the short term in pursuit of – far from certain – capital gain.

If they are prepared to take that chance, there are ways in which investors can try to take advantage of a potential rise in the US dollar.

■ **Currency funds.** These are dollar deposit accounts and are normally based offshore. Interest can be paid gross and "rolled up" so that tax is postponed until income is brought back into the UK. Most have no initial charge, so represent quite a low cost way of backing a dollar rise.

But US interest rates are currently extremely low, as the Federal Reserve attempts to stimulate the American economy. In consequence, the return on currency funds is pretty meagre – the Fidelity US dollar fund, based in Bermuda, yields just 2.4 per cent.

■ **Bond funds.** A higher return can be achieved by investing in US bonds. Funds which do so tend to invest in bonds issued by the US government, or other creditworthy institutions.

However, the extra return reflects an extra layer of risk. The US dollar might move in the right direction, but a fall in bond prices could cancel out the benefit for the international investor. Thirty year US treasury bonds now yield 7.3 per cent, the lowest level for five-and-a-half years. Five year bonds yield just 5.4 per cent. There is a real chance that yields might rise (and bond prices fall) from this level if, say, the markets became convinced that President Bush was not going to be re-elected.

Indeed, Kevin Colglazier, dollar bond fund manager at Guinness Flight in London, says that one key factor which might lead to a dollar rebound – an economic recovery – would also be likely to cause bond prices to fall.

Given the current low yield levels, US bond funds do not pay a great return by UK standards. Guinness Flight's conventional dollar bond fund, for example, yields 5.73 per cent. It also has a high yield fund, which invests in riskier securities such as Latin American corporate debt and yields 8.03 per cent. The funds have a front end charge of 5 per cent and an annual charge of 0.75 per cent.

■ **Managed funds.** One can gain exposure to the US dollar, without making a wholehearted commitment to US securities. So-called dollar managed funds are denominated in dollars, but hold assets in many different classes of currency. They still do not offer particularly attractive yields; the Old Court fund, for example, based in Guernsey and run by Rothschild Asset Management, currently yields just 2.28 per cent.

■ **Equity funds.** There are 126 unit and four investment trusts which offer investors the chance of exposure to the US equity market. The problem is that investing in another country's equity market is normally a much greater bet on shares than it is on the currency.

Wall Street has survived the recession rather better than many other markets, thanks to the low interest rates. But the consequence is that many people think the market could be due to fall – according to Datastream, the price-earnings ratio is over 20 and the dividend yield is below 3 per cent, low by historical standards.

For those who do want to back the prospects for US equities, the best 10 year unit trust performance in the sector was produced by Fidelity American; the best five year record was by Foreign & Colonial's US Smaller Companies.

■ **Property.** For the wealthy, this area offers the interesting opportunity of combining investment and pleasure; many people own villas in Spain or Tuscany, so why not a holiday home in New England?

According to Dr Sol Rabin, of TCW Realty in Los Angeles, there are three reasons why US property might represent a historic buying opportunity: the weak dollar, recent falls in US property prices and low interest rates.

The US real estate market is highly regionalised and individual areas have their boom and bust periods. New England in particular has seen some calamitous falls: California – which previously had held up well – is now suffering from recession.

So, as with shares and bonds, there is the risk that any gain you make on currency movements will be cancelled out by property prices. Nevertheless, if you were thinking of buying an overseas holiday home in any case, this could be the time to consider the US.

There are obvious dangers in buying a property on another continent. Joseph O'Connor, president and chief executive of Copley Real Estate Advisors, advises potential homeowners to "never buy anything without seeing it." If you are buying from a corporation, O'Connor says you can check its reputation with a local better business bureau, which most communities possess. As a further safety measure, he favours using a local well-known realtor (the American term for estate agent).

Prices vary enormously from region to region. The three-bedroomed Florida home for £67,000 ($130,000) was mentioned by Alice Petty, of Host Realty, in Melbourne Beach on the Atlantic coast. An average family home (three bedrooms, two bathrooms) in Cape Cod, Massachusetts costs around $150,000 (£77,000), according to the Massachusetts Association of Realtors. If you want a beachfront condominium in California, prices start from around $250,000 (£129,000), according to TCW Realty's Rabin.

There are additional costs; the cost of air travel to the US is very variable, depending on competition in the market and the time of year. The US equivalent of the council tax – local property taxes – tend to cost 1 to 2 per cent per annum of property values, according to Copley's O'Connor. Some states also impose transaction taxes on house deals. And when you come to sell, you will find that the realtor's commission is about 5 to 7 per cent, much higher than a UK estate agents fees.

However, if you are prepared to limit your visits to the spring and autumn, you may be able to cover a significant part of your running costs by renting out your home in the summer season. And a home in Florida does sound more glamorous than a semi in Surbiton...

Bank auction offers chance to buy gilts

***Sara Webb** previews a sale of long-dated government bonds*

THE BANK of England is to auction £2.5bn of long-dated UK government bonds on Wednesday. The issue, due for repayment in 2017, will pay an interest rate of $8\frac{3}{4}$ per cent.

Private investors interested in a long-dated issue with a reasonable coupon must make sure their applications are in by 10am on Wednesday.

Since the government's return last year to borrowing in the gilt-edged market, the Bank has issued stock using such methods as taps and auctions. Although the Bank does not have a set calendar for auctions, it tends to hold them every two months or so.

The auctions are dominated by institutions and dealers, which usually buy about 99 per cent of the stock. Private investors must complete an application form.*

There are two ways of taking part – either with a competitive or a non-competitive bid. Competitive bids are for investors, such as the institutional buyers, who want £500,000 or more of stock.

Private investors who want to buy between £1,000 and £500,000 submit non-competitive bids. The amount they pay is determined by the outcome of the competitive bidding and is the average allotment price achieved.

If you want to buy between £1,000-£10,000, you must apply to buy a multiple of £1,000. If you want between £10,000-£50,000, apply for a multiple of £5,000. And if you want between £50,000-£500,000, your application must be for a multiple of £25,000.

The gilt issue being auctioned is partly-paid, which means you put up only a certain amount at the time of the auction. In this case, you pay £40 for every £100 of stock for which you have applied. At previous auctions, investors submitting non-competitive bids have received all they wanted.

After the auction, the Bank sends out letters of allotment, plus a registration form with details of the remaining amount to be paid on September 23.

The stock being sold on Wednesday was created earlier this year to meet demand from insurance companies for a "super-long" gilt. You should remember, though, that you can buy the same issue fully-paid in the gilt market as £2.5bn was issued.

The auction stock is trading in the "grey" (pre-issue) market and is about $\frac{1}{16}$ of a point cheaper (on a fully paid-up basis) than the existing stock. So, in terms of the stock price, you might not make a big saving by buying at auction.

You could, however save on brokers' commission which you normally pay when you buy gilts in the secondary market (although you can reduce the cost by buying at the post office). If you buy a new issue at auction, there is no commission.

**Application forms were printed in the Financial Times and the Daily Telegraph on Wednesday. Additional forms are available from the Bank of England, Registrar's Department, Southgate House, Southgate Street, Gloucester GL1 1UW, tel. 0452-398-047 or 398-048; the Central Gilts Office, Bank of England, 1 Bank Buildings, Princes Street, London EC2R 8EU; or the bank's branches or agencies in Birmingham, Bristol, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Southampton.*

Rough ride for employee share plans

EMPLOYEE share schemes have hit one of the most turbulent patches in their 12-year history, with high drop-out rates as recession and company restructurings sap investor confidence or force withdrawals. But the schemes continue to offer some of the highest interest rates available as well as one of the safer ways of gambling on stock market recovery.

More than 1,900 companies run share/save schemes in association with building societies or National Savings. Employees agree to save between £30 and £250 a month via a five- or seven-year save-as-you-earn (SAYE) contract. At the end of the term, a tax-free bonus is added to the amount saved and employees can either take the cash or use it to buy shares in the company at a price fixed when the SAYE contract began – up to 20 per cent below the market price at the time.

The tax-free bonus rates are adjusted periodically by the Treasury. In October, the five-year bonus drops to 12½ months' payments while the seven-year bonus goes down to 25 months. This will give a tax-free return equivalent to 7.49 per cent over five years or 7.83 per cent over seven.

But savers in schemes started within the past two years have locked-in rates as high as 9.2 per cent over seven years or 8.9 per cent over five.

In some cases, the savings side of the scheme is all that remains after share price movements destroy the value of the fixed-price options. For instance, a BICC scheme maturing this month after five years has a fixed-price option of 284.8p against the market price of 239p.

"Those 1,500 people are under water – they will all be taking the money," said Bob Birkhead, manager of corporate business administration at the Halifax building society, which operates schemes for 350 companies. He added that the society recently had increased the drop-out rate in its share/saver computer model from 5 per cent to 7 per cent annually. But he noted that average savings also were rising, from between £30 and £35 a month to almost £40.

One of the most dramatic slides in share price has been at Asda, where employees with share/save contracts hold options priced at 133p, 108p, 84p and 65p against the recent market price of 24¼p.

The Yorkshire building society, which operates schemes for 182 companies, has noticed a 40 per cent drop-out rate over the past year. "If people want the money, saving is the first thing to go," said corporate business manager Maggie Whitmore. Savers who quit during the first year of a scheme receive a refund of contributions only but interest of 5 per cent, tax-free, is added in years two to five.

Asda, where one of the biggest share slides has taken place

On taking a random sample of schemes maturing soon, Whitmore said she was surprised by the number still in profit. Silentnight company schemes maturing this month allow employees to buy shares, now 198p, at 104p and 27p but only 68 people completed the savings terms out of 301 who started.

How share/save participants fare in mergers depends largely on the rules of the scheme and the companies involved. Option-holders may have the frustration of seeing the share price propelled to great heights by takeover talk, yet still miss out. Like people leaving the company, they may be forced to exercise their options early, within six months of the merger or not at all, using only the savings already built-up. If this happens during the first three years of the a scheme, there may also be an income tax bill.

On the bright side, transfers to a predator company's share/save scheme are sometimes possible without penalty.

In demergers, which are less common, treatment of employees can be subject to the company's negotiating skills and, perhaps, generosity. ICI is to meet the building societies operating its share/save scheme in the next few weeks to discuss terms for the 20,000 employees holding contracts if the company's proposed demerger goes ahead. Options on ICI shares are fixed at prices of £13.81, £8.91, £8.14 and £11.83 compared with the recent market price of £11.05.

Employees in recent demergers have had contrasting experiences. BAT employees belonging to the demerged Argos and Wiggins Teape Appleton divisions were "hard done by" according to Mark Chamberlain, head of personnel services at BAT Industries, who explained that they had been hit three ways: losing out by having to exercise their options early on a reduced number of shares; missing compensation for the lower intrinsic value of the BAT share caused by the demerger; and then paying extra income tax.

People who stayed with BAT Industries were also "very disappointed indeed," Chamberlain added. Barred from exercising their options early, they saw the market price of the shares drop to reflect the demerger without any corresponding adjustment to the option price. The BAT price dropped from 816p in September 1989 to 738p after the Argos demerger in April 1990, and to 650p after the Wiggins Teape demerger. The BAT share/save option prices had been fixed at 647p, 393p 631p and 405p in the years back to 1986.

Despite the disappointment, Chamberlain said there had been no mass defections from the scheme. A further 7,000 employees had joined schemes launched since the demerger with options at 430p, 524p and 532p.

He explained that the company had wished to adjust the pre-1990 option prices to take account of the demerger but had failed to win over the Inland Revenue and John Major, then the chancellor of the exchequer. Officials also refused to allow BAT employees demerging to Argos and Wiggins Teape to switch their savings into the schemes to be launched by those companies.

Employees of Racal were more fortunate in last year's demerger of Vodafone. About 8,000 of them, holding options at prices ranging from 80p to 176p, were given the right to exercise them early. This meant they were able to buy Racal Electronics, then worth 229p, in time to qualify for free shares in Vodafone (57 for 100).

Racal helped to arrange loans for employees so that they could buy the amount of shares they would have received if the savings contract had run its full term. The company also compensated employees for any extra income tax charged as a result.

Barbara Ellis

BES gets new lease of life

THE business expansion scheme (BES) is back, with another 16 months to go before the government bids it adieu. The continued proliferation of "contracted exit" schemes involving universities and housing associations is in line with expectations. But the revival of more entrepreneurial schemes is more surprising.

BES companies which are not backed ultimately by property are very risky. They cannot be justified as a home for mainstream savings – but they can be a tax-efficient way to invest money you are prepared to lose. Most such schemes make for rather more entertaining investments than you can manage through National Savings.

Offerings at present include **Musica Oscura**, raising money for a new record label backed by the Consort of Musicke which will specialise in early music; Spittoon, a television production vehicle for the makers of the satirical programme *Spitting Image*; Beethoven, a chain of classical record shops; and Artroute, which aims to build a new two-seat British sports car, the Mirach.

None of these companies can be recommended as a secure investment in its own right compared with the possibilities on offer from the assured tenancy sector. But the financiers who piece together BES companies have spent the past four years squeezing as much risk as they can out of the system.

This led to contracted exit schemes where companies buy accommodation for universities or housing associations in return for a pledge to buy back the property at a fixed price after five years when BES exemptions expire. Thus, they could predict a fixed return.

Universities and housing associations are not naturally strong financial institutions, though. With property prices in reverse, BES sponsors looked for third-party guarantors and self-financing deals.

The most recent such offering is **Bessa Blue Chip**, which is sponsored by Close Brothers. Barclays direct mortgage service, part of Barclays bank, is contracted to pay £1.20 for every £1.00 share after five years. Top-rate taxpayers will effectively have paid only 60p, so this is equivalent to Barclays offering to double your money in five years.

A similar offer, **The Residences At Manchester (TRAM)**, sponsored by Hodgson Martin, will buy accommodation for Manchester university's institute of science and technology. After five years, £1.28 will be paid for every £1.00 share.

Finally, reversionary schemes, where BES companies buy houses cheaply from the elderly and then allow them to live there until they die, also seem set to gain in popularity with Johnson Fry, the leading BES sponsor, planning new issues. These offer the opportunity to buy properties very cheaply but there could be problems in exiting from the deals after five years.

John Authers

Invest without risk

MANY PEOPLE like the idea of investing in the stock market but are scared of losing their capital. Hypo Foreign & Colonial Marketing is the latest company to try to attack this problem, with a fund called Protected Capital Plus. The idea is to give investors exposure to stock market growth while ensuring that their capital never falls in value.

The Foreign & Colonial product is a new twist on an old concept. The bulk of the investor's money is invested in interest-bearing deposits, which grow to repay his capital. The remainder is invested in futures and options to give fundholders the equity-kicker.

What makes the F&C fund different is that the process happens quarterly. Say you have invested £10,000. If after three months the stock market has fallen, you will still have £10,000. If, however, a strong stock market means the fund grows by 10 per cent, you will have £11,000. That will be your base capital for the next three months; gains, once made, cannot be lost. You can withdraw your money, without charge, at the end of any quarter. That gives the fund an advantage over similar products which tie-up your capital for years.

Inevitably, these advantages have their costs. The fund does not pay an income. But when you sell your holding, any gain is subject to income, rather than capital gains, tax. Since most people do not use up their annual CGT allowance (now £5,800), this puts the fund in a worse tax position than a unit or investment trust.

Furthermore, the fund does not give the investor the full benefit of equity investment. Much depends on the cost of the options which the fund buys. If the market has been turbulent, the options will be expensive, limiting the fund's ability to match the index.

Over three months, F&C reckons that, when the market rises, the fund will achieve a return equal to about 60 per cent of the increase in the FT-SE 100 index. But the investor will "catch up" in quarters when the market falls and the fund's value remains stable.

On that basis, the fund would have earned an average 13.7 per cent gross a year between 1980 and 1992, compared with a gross return of 11.1 per cent from a building society over the same period.

There are two caveats about safety. F&C is not guaranteeing the return of capital – it is possible that the deposit element of the fund might invest in a bank which goes bust. The fund will strive to avoid this by investing only in banks rated AA and above.

The second caveat is that this is an offshore fund, based in Jersey and unrecognised by the Securities and Investments Board. As such, it can be sold only by professional advisers.

The minimum investment is £5,000. There is an initial charge of 5 per cent and an annual management charge of 0.9 per cent.

Philip Coggan

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Henlys	85½	70	52	32.34	Cowie (T)
JS Pathology	175*	170	154	23.06	Corning
Magnetic Mats ‡	60½	59	59	11.09	TT Group
Manders	232	188	237	78.26	Kalon
Penny & Giles	306§§	350	235	29.53	Bowthorpe
Templeton G'braith	$6*✣	293p	296p	$913m ✣	Franklin

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30 pm prices 21/8/92. §§Shares & cash. ✣ Sterling equivalent £3.13 (value per share). £476m (total value).

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Applied Holographics	Mar	1,620 L	(2,620 L)	-	(-)	-	(-)
Bellwinch	Jun	98 L	(15,100 L)	0.2	(-)	-	(-)
Conder Group	Dec	22,600 L	(19,300 L)	-	(-)	-	(-)
Countrywide Bank NZ	Jun†	40,900 L	(16,500)	-	(-)	-	(-)
de Morgan Group	Apr	1,710 L	(1,130 L)	-	(-)	-	(-)
EIT	Mar	190 L	(246 L)	-	(-)	-	(-)
Group Lotus	Dec	14,700 L	(12,700 L)	-	(-)	-	(-)
Heath (Samuel)	Mar	308	(377)	7.3	(8.3)	5.5	(5.5)
Jos Holdings	July	529✣	(551✣)	5.69	(5.96)	5.65	(5.5)
McKay Securities	Mar	3,170	(3,810)	10.4	(11.6)	6.7	(6.4)
Pilco Holdings	Apr	1,170	(3,690)	13.9	(32.6)	7.75	(7.75)
US Smaller Co's	Jun	114✣	(-)	0.54	(-)	0.3	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Alliance Tst	July	16,030	(16,570)	14.0	(14.0)
Argos	Jun	9,500	(10,720)	2.2	(2.1)
Bedford (William)	Jun	22 L	(76 L)	-	(-)
BICC	Jun	58,000	(66,000)	6.0	(6.0)
BPP Holdings	Jun	2,970	(2,200)	2.7	(2.4)
Brabant Resources	Jun	205 L	(33)	-	(-)
Bredero Props	Jun	4,430 L	(1,270 L)	-	(-)
Britannic Assurance	Jun	-	(-)	10.3	(9.2)
Burlington Group	Jun	42✣	(39✣)	-	(-)
City Centre Rests	Jun	4,320	(3,220)	0.45	(0.45)
City Merchants	Jun	-	(-)	4.875	(-)
Clarke (T)	Jun	672	(1,200)	1.26	(1.26)
CSC Inv Tst	Jun	30✣	(24✣)	1.5	(2.0)
Dawsongroup	Jun	1,970	(197 L)	0.75	(-)
Dunedin Income	July	5,100	(6,500)	8.4	(8.4)
Expamet Int'l	Jun	2,450	(2,010)	2.09	(4.18)
F&C Enterprise	Jun	349	(586)	-	(-)
Fidelity European	Jun	1,460#	(-)	-	(-)
Fleming Mercantile	July	5,140	(7,610)	3.35	(3.2)
GT Chile Growth	Jun‡	7,970♣	(8,300♣)	-	(-)
Hickson Int'l	Jun	16,900	(7,900)	2.85	(2.85)
Independent News	Jun●	7,000	(5,200)	5.5	(5.0)
Irish Life	Jun	-	(-)	3.0	(-)
Kode Int'l	Jun	330	(126)	1.5	(1.0)
LEC Refrigeration	Jun	320	(703)	4.0	(4.0)
LIT Holdings	Jun	2,260	(1,920)	-	(-)
Lowe (Robert H)	Apr	162 L	(396 L)	-	(-)
Marley	Jun	9,700	(9,400)	2.1	(2.1)
McAlpine (Alfred)	Apr	71 L	(700)	3.0	(4.5)
Micro Focus	Jun‡	17,200	(15,400)	-	(-)
Oliver Resources	Apr●	100 L	(272 L)	-	(-)
Plasmec	Jun	307	(5)	1.5	(1.0)
Portmeirion Potts	Jun	1,420	(1,010)	2.25	(2.25)
Quicks Group	Jun	1,110	(310)	1.75	(1.0)
Rentokil Group	Jun	51,100	(42,300)	0.64	(0.532)
Roseby's	Jun	606	(493)	0.9	(-)
Sedgwick Group	Jun	51,700	(65,300)	3.0	(4.0)
Shorco Group Hldgs	Jun	105	(115)	2.4	(2.4)
Spear (JW)	Jun	315 L	(638 L)	2.5	(2.0)
TransAtlantic Hldgs	Jun	26,600	(34,200)	6.0	(6.0)
Victaulic	Jun	6,900	(6,900)	2.5	(2.35)
Vivat Holdings	Jun	1,180	(934)	-	(-)
Willis Corroon	Jun	54,100	(69,400)	6.6	(6.6)
Wyevale Garden	Jun	3,090	(2,200)	2.48	(2.48)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † = Figures quoted in New Zealand dollars. # = Total income. ✣ = Net revenue. ‡ = Figures quoted in US dollars. ● = Figures quoted in Irish pounds & pence. ♣ = Gross income.

RIGHTS ISSUES

Embassy Property is to raise £280,000 via a 3-for-4 rights issue at 5p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Embassy Property is to raise £2.5m via a placing of 56m shares at 5p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Aerospace Engineering	Monday	1.56	1.56	0.5
County Smaller Co's Inv	Thursday	-	-	1.125
Minerals Oils & Resources	Friday	-	-	-
Murray Income Tst	Thursday	2.1	3.6	2.2
PHH Corp	Monday	-	-	-
River & Merc Smaller Co's	Tuesday	1.25	2.5	1.25
Sinclair Goldsmith	Friday	1.0	1.0	0.5
Smith (WH)	Wednesday	4.0	8.5	4.3
Stewart Zigomala	Friday	-	18.75	-
TR European Growth Tst	Tuesday	-	1.0	-
INTERIM DIVIDENDS				
Amicable Smaller Enterprise	Wednesday	-	-	-
Boustead	Tuesday	0.35	0.35	-
Bridon	Tuesday	2.5	1.5	-
British Assets Tst	Thursday✣	1.0	1.04	1.04
British Gas	Tuesday	4.25	6.0	-
Cattle's Holdings	Thursday	1.5	2.3	-
Church & Co	Thursday	3.0	9.5	-
Daniels (S)	Wednesday	-	0.25	-
EFT Group	Monday	0.33	0.77	-
Epwin Group	Monday	2.1	4.5	-
Fidelity Accumulating	Tuesday	-	-	-
Fidelity Distributing	Tuesday	-	-	-
Fife Indmar	Friday	1.0	3.9	-
Friendly Hotels	Wednesday	2.2	3.3	-
Greenby	Tuesday	3.3	7.6	-
Guardian Royal Exchange	Wednesday	4.4	2.6	-
Halls Homes & Gardens	Wednesday	-	-	-
Hambro Countrywide	Wednesday	0.05	-	-
Hibernian Group	Monday	1.9	3.8	-
Inishtech	Thursday	-	5.5	-
Irish Continental	Wednesday	-	-	-
Jones (A) & Sons	Thursday	-	-	-
Kerry Group	Tuesday	0.75	1.4	-
Latin American Inv Tst	Tuesday	-	-	-
Lionheart	Monday	-	0.3	-
Mallett	Wednesday	1.5	3.0	-
Mayflower Corp	Thursday	-	-	-
Mersey Docks & Harbour	Tuesday	2.0	4.0	-
Molyns Holdings	Monday	1.3	2.7	-
Monument Oil & Gas	Thursday	-	-	-
Murray International Tst	Tuesday	7.5	3.4	-
Needler Corp	Monday	-	-	-
Scottish Eastern Inv Tst	Thursday	0.46	0.96	-
Scottish Heritable Tst	Friday	-	-	-
Scottish Inv Tst	Thursday●	1.5	2.9	1.6
TR High Income Tst	Monday	1.4	0.8	1.4
Wace Group	Wednesday	2.25	6.0	-
Wales City of London	Tuesday	0.77	2.96	-
Weir Group	Thursday	3.1	7.4	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ✣ = First quarter figures. ● = Third quarter figures.

Directors' Transactions

THE OVERALL impression from our interpretation of the pattern of directors' dealings is still that the market is cheap. Purchasers far outweigh the number of sales and the actual cash value of many of these purchases is rising, reflecting a growing boldness in the boardroom.

Nonetheless, there are still sellers about. Three directors sold a total of 130,000 shares in Dalepak Foods at 287p per share. In the case of all three it was considerably more than 10 per cent of their respective holdings. Since the beginning of 1991, these shares have risen strongly from 150p, touching 430p earlier this year. Final results announced in July revealed earnings up 30 per cent, but the accompanying chairman's statement warned that there was still no sign of recovery in the marketplace.

Carlton Communications, the television services group, has been one of the better performing Footsie stocks, outperforming the market by some 27 per cent over the last year. Nigel Wray, a non-executive director, has sold 100,000 shares at 550p leaving him with 187,000 shares, still the fourth largest holder on the board. The group is still expected to show double-digit earnings growth in the year to September 1992.

Last week we mentioned Ibstock Johnsen and referred to the purchase by Colin Hope of 20,000 at 47.5p. This week, Paul Hyde-Thompson, the chairman, bought 50,000 at 37p. Given that it was Hyde-Thompson who sold shares to such very good effect at the end of last year, the purchase is worth noting. It should be borne in mind, however, that it does not involve a large amount of money.

Angus MacDonald,
Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Carlton Comms	Med	100,000	550	1
Courtyard Leisure	H&L	125,000	25	1
Dalepak	FdMa	130,000	373	3
Saville Gordon	Metl	1,000,000	325	1
Metal Bulletin	Med	80,000	178	1*
Morland & Co	Brew	3,200	13	1
Rolfe & Nolan	BuSe	38,700	89	2
Unilever	FdMa	11,584	108	1*
Witan warrants .5	InTr	89,049	59	1
PURCHASES				
Asprey	Stor	285,375	528	2
Berkeley	C&C	122,500	230	6
Birkdale Grp	Med	60,000	20	1
Boxmore Intl	Pack	20,000	26	1
British Petroleum	O&G	10,536	20	1
Capital Gearing	n/a	7,500	23	1
Electron House	Elec	15,000	45	1
Fairway Group	Misc	115,000	49	1
Farnell Elect	Elec	7,500	20	1
Filofax Group	Pack	35,000	16	1
Gibbon Lyons	Pack	50,000	22	1
Great Portland	Prop	100,000	108	1
Hobson	EngG	225,000	11	1
Ibstock Johnsen	BdMa	50,000	18	1
OMI Intl	Othl	100,000	13	1
Oriflame Intl	Stor	200,000	353	2
Rea Bros	Merc	45,000	12	1
Southend Props	Prop	40,000	16	1
Tiphook	Tran	5,000	14	1
Usborne	FdMa	129,760	21	2
Verson Intl	EngG	300,000	12	1
Warner Estates	Prop	10,000	13	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 10-14 August 1992.

Source: Directus Ltd, Edinburgh

Diary of a Private Investor

Children who hold a bank to account

LAST MONTH, my two daughters (aged 10 and seven) learned that their National Westminster World Savers bank accounts had gone the same way as the dodo. According to the colourful publication produced for them: "Some World Savers have been worried over the environmental costs of producing *Our World* magazine, the Royal Mint medal and the plastic membership pack" – all of which focused on assisting the World Wide Fund For Nature.

The bank also pointed out that "many customers are aware that, more recently, NatWest has developed a different account, First Reserve, with several advantages over and above those offered by World Savers. In particular, First Reserve offers rates of interest which rise to reflect balances maintained and, even at the lowest balances, pay significantly more than World Savers." The bank recommended switching to First Reserve.

At that time, registered non-taxpayers like my daughters had been receiving World Savers interest of only 3 per cent gross. First Reserve offered 4.25 per cent gross on amounts up to £99 with rates increasing in stages so that, for example, accounts with £1,000 received 6.25 per cent.

NatWest deserves credit for writing to savers explaining its changes in accounts. Too many banks and building societies allow savers to leave their money in inappropriate accounts earning little (or no) interest when new and much better ones are available.

My children feel, though, that banks and building societies should credit youngsters with more intelligence. Most of the comics which accompany accounts aimed at children are rather simple (although *Our World* magazine was an exception). But why do banks and building societies not use such publications to explain and promote a greater and more detailed knowledge of savings and economics?

Why do they not mention how to buy shares and explain what share ownership means – perhaps using a few well-known companies like Walt Disney and United Biscuits? They could also explain what the bank does with their money. To whom is it lent? How does the bank or building society make a profit?

Like many other savers, my children have become more sophisticated over the years.

Many people may be having tax deducted when they have no liability

While "freebies" such as money boxes, comics and other incentives are still very welcome, higher rates of interest are even more desirable in these difficult economic times. So, if it comes to a choice between a freebie and a good rate of interest, my children know where their priority lies.

In any case, the number of accounts at building societies offering special incentives to young savers seems to be decreasing rapidly. This could be due to children keeping a tiny sum in them to qualify for the freebies but placing larger sums in other accounts, sometimes with the same society.

The more children who do this, however, the quicker the demise of these accounts is likely to be as it becomes uneconomic to operate millions of accounts with very low balances and still provide freebies. Already, we have seen the end of the Portman building society's Young Generation account, with its free coloured pencils and other incentives, and the Chelsea Kids account.

Some types of account still pay more interest to children than adults. While children can no longer open a Chelsea Kids account, those with money in it get better interest than an adult with an account of less than £1,000 at the same society.

Some accounts vary the interest depending upon the age of the child. The Junior Barclay Plus account for under-11s pays less than a Barclay Plus account for those between 11-16 (although if those young savers had £100 or more, they would be better off in an ordinary higher-rate deposit account).

Many children receive money from grandparents. But sometimes this can give rise to shocks. I know of one grandparent who had been paying £2 a month by direct debit into TSB accounts for each of his grandchildren since they were born.

When, last month, the father was asked to take control of the passbooks, he discovered that the interest rate on those accounts was only 2.5 per cent – and that it was possible to switch those accounts immediately to a First Save account paying 7.25 per cent gross. He also found that tax had been deducted from the interest.

I suspect there are millions of accounts like these where people are having tax deducted unnecessarily from interest when their income is too low to incur a tax liability.

Kevin Goldstein-Jackson

The Week Ahead

BRITISH GAS announces its second quarter results on Tuesday – the first since it called for a Monopolies and Mergers Commission inquiry into the UK gas market.

The share price has slipped slightly on the resulting uncertainty and is unlikely to be boosted by Tuesday's figures. Expectations range widely, from a historic cost net loss of £75m to a £150m profit, reflecting forecasting difficulties in the first year of quarterly reporting by British Gas and a changed year-end from March to December.

However, the spring quarter is a period of slacker demand, and so cannot be compared with the £658m profit made in the first quarter.

Interest centres on the dividend with the market looking for a signal that the payout will not be affected by the MMC referral and recent regulatory changes. Estimates range from 6.4p to 7.7p for the first half, with most around 6.5p.

W H Smith is expected to report on Wednesday pre-tax profits for the year to May 31 of £110m-£114m. This will be a healthy increase on the previous year's £89m, helped by last summer's rights issue and the disposal of its loss-making television division. The retailer is likely to raise its full-year dividend to 13p or 14p from 12.5p.

Newspaper wholesaling, the subject of a MMC study launched this past week, has continued to perform strongly. US operations have been good and UK retailing reasonably resilient. But Do-It-All, the do-it-yourself chain owned jointly with Boots, is likely to have made a much lower contribution.

Guardian Royal Exchange, the smallest of the UK's five leading composite (general and life) insurers, is expected to report a cut in pre-tax losses on Wednesday, underlining the sector's recent improvement. Pre-tax losses are expected to fall to between £45m and £60m compared with a deficit of £88m at the interim stage last year.

FINANCE AND THE FAMILY

Are nominee share accounts entirely safe?

Scheherazade Daneshkhu on the debate over protection for investors

MANY stock market investors are surprised when they discover shares held by their stockbroker may not be in their own name but in that of a nominee company.

These companies are formed by brokers or fund managers to hold shares on behalf of their clients. Investors with personal equity plans often find their shares held in a nominee account.

Nominee accounts have existed since the 1950s, but their use has grown in recent years. In 1957, 12.5 per cent of institutional and private shareholdings was in nominee accounts, rising to 26.1 per cent in 1975. In the 1980s the proportion rose from 33.4 per cent in 1981 to 61 per cent in 1989.

Stockbrokers favour nominee accounts because they ease administration and reduces costs. Companies usually have to pay their registrar a fee based on the number of shareholder accounts. If private investors are held in one nominee the registrar is paid for only one account.

In the run-up to the introduction of Taurus, the Stock Exchange's paperless trading system, stockbrokers are urging clients to switch into nominee accounts. This will ease the administrative headache of the transition to Taurus for brokers.

Investors also face less paperwork with a nominee account. They do not have to sign transfer deeds to sell shares, and dividends and rights issues are handled by the nominee company and the client.

However, there are disadvantages. The investor does not automatically receive the annual report of the company in which he has bought shares. More importantly, nominee services fall outside the scope of the Financial Services Act and technically are not covered by the Investors Compensation Scheme. This pays up to £48,000 of losses by an investor in a FSA-regulated company.

Instead, the investor's only protection is whatever insurance policy the broker may have, though reputable houses should have adequate insurance for their clients.

There are two main types of nominee account: a designated nominee, where the broker's name and that of the client appear together on the company register; and a pooled nominee account, which groups together shareholders with only the nominee company's name appearing on the register.

Alison Rennison, Taurus project manager at Barclays, says designated nominee accounts are preferable, if only because were a stockbroker to go bust, sorting out who is owed what in a pooled nominee account is more difficult.

David Cresswell, of the Securities and Investments Board, the regulatory body for the investment industry, says that in practice, if a nominee company goes into default, the investor is likely to have a claim against the investment company running it. "You would probably be covered because of the close connection between the authorised institution and the nominee company," he says.

So long as the investment company, or stockbroker, is authorised by Sib or one of the self-regulatory bodies such as the Securities and Futures Authority (as it is legally bound to be), compensation would be available. The investor can claim against the investment company, for example, if it:

- has been negligent in selecting the nominee,
- has breached its regulator's rules regarding safe custody of client assets, or,
- has given the investor a guarantee that it stands behind the liabilities of the nominee company.

This was illustrated last year when Diameter, a low cost stockbroker, collapsed. Some investors who had instructed shares to be bought for them could not find them in the nominee company. The ICS compensated them on the grounds that the authorised company, Diameter Stockbrokers, had been engaged in wrongdoing because it did not buy stock when it was instructed to do so.

This provides scant reassurance to those in nominee accounts. With this in mind, Mike Jones of Capel Cure Myers has called for level playing fields. "We've argued with the SFA that since it is treating nominee clients as part of the whole stockbroking operation, we see no reason why it should differentiate between a client in a nominee account and one with their name on the register."

APCIMS (the Association of Private Client Investment Managers and Stockbrokers) has also been discussing the issue with SIB.

This week it secured agreement from Sib that member firms of APCIMS can tell clients that a nominee meeting "certain conditions and criteria will be eligible to apply for compensation under the terms of the Investors Compensation Scheme in the event of a SFA-regulated firm's default. The Scheme Rules treat them in the same way as those with stock registered in their own name."

These conditions include making sure that the nominee company is well managed and accepting liability for losses in the nominee as if they had arisen in the company itself.

Sib announced last month, as a result of the Maxwell affair, that it would review the supervision of the custody of investor assets, including the "increasing use by investment firms of nominees."

The introduction of Taurus also creates opportunities. Details of a compensation scheme are under discussion, and that could plug the gaps in the ICS.

Cloudy future for Taurus

THE small print of resolutions put to shareholders at company meetings seldom attracts much attention. Votes go through on the nod. Formalities are tidied up and everyone goes home.

The small print sometimes bears closer examination, though. By next summer most UK companies will have asked their shareholders for permission to do away with share certificates and the transfer forms used when shares are sold. The changes are needed for companies to join Taurus, the Stock Exchange's long-delayed paperless trading system, which is due for launch sometime next year.

Around 30 companies have sought – and got – their shareholders' support for the switch, among them BT, Lonrho, Yorkshire Water and Argyll. Most companies, though, have delayed, many because they have yet to be persuaded that Taurus will get off the drawing board or because they lack confidence in the system.

Marks and Spencer's chairman, Sir Richard Greenbury, said at the company's annual general meeting last month that he was not asking shareholders to approve a switch to Taurus. The system is untried, and it would be better to wait to see if it works first, he said.

Should shareholders withhold their support when other companies ask them to vote on the switch? Certainly, there are still many things about Taurus which are unclear. One is the compensation scheme for investors who lose money through the system.

The government has bullied the Stock Exchange into agreeing compensation of up to £250,000 for each claim. It is not clear yet, though, whether or how the brokers and others who are plugged into Taurus will be able to provide this sort of cover. Nor is it clear what types of losses will be covered, and which will not.

There is also uncertainty about when all the technical obstacles will be overcome, and whether any computer network that is used by several hundred banks, stockbrokers and other institutions can be made secure.

There are also other considerations that may give shareholders pause. Dealing will not be any cheaper, and may even get more expensive as banks and brokers try to recoup the cost of joining Taurus. Shareholders will be able to sell shares without signing anything: anyone who wants the added assurance that shares will only be transferred on his or her written consent will have to pay for the privilege.

Taurus is not all bad news for the private shareholder. You will no longer have to worry about the safekeeping of share certificates, or pay for replacement certificates when old ones are lost.

Not convinced of the benefits? Well, resistance may be useless. Most companies are largely owned by institutional shareholders, who have more powerful reasons for supporting Taurus and who have the muscle to out-vote private shareholders. But that should not stop some brave soul standing up at an AGM, share certificates clutched to the breast, and shouting: "What's in it for me?"

Richard Waters

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Norwich & Peterborough BS	Post Master	0733 371371	Instant	£1,000	10.25%	Yly
Northern Rock	Go Direct	0500 505000	Instant	£2,000	10.50%	Yly
				£10,000	10.70%	Yly
Allied Trust Bank	3 Mth Notice A/C	071 626 0879	3 Month	£2,001	10.91%	Yly
Skipton BS	Imperial Bond	0756 700500	7.8.94	£5,000	11.00#	Yly
Chelsea BS	Premier A/C IV	0800 272505	31.1.95	£10,000	11.75♠	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	12.68%	Yly
Julian Hodge Bank		0222 220800	5 Year	£20	12.50%	Yly
National Counties BS		0372 742211	5 Year	£3,000	12.00%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	11.60%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	9.50%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	9.40%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	9.60%	Yly
				£25,000	10.10%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	Intl Gross	0481 715735	Instant	£500	9.50%	Yly
Yorkshire Guernsey BS	Key Ninety	0481 719898	90 Day	£50,000	10.55%	Yly
Yorkshire Guernsey BS	Key Term Share	0481 719898	31.8.93	£10,000	11.00♣	OM
				£25,000	11.25♣	OM
				£50,000	11.75♣	OM
GUARANTEED INCOME BONDS (Net)						
Aegon FN		071 538 8800	1 Year	£50,000	8.60%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.20%	Yly
Prosperity Life FN		0800 521546	3 Year	£25,000	8.40%	Yly
Aegon FN		071 538 8800	4 Year	£20,000	8.45%	Yly
Liberty Life FN		081 440 8210	5 Year	£50,000	8.60%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	8.25%	Yly
	Income Bonds	wef 18.9.92	3 Month	£2,000	9.00%	Mly
	Capital Bonds E	wef 24.8.92	5 Year	£100	10.00F	OM
	First Option Bond		12 Mths	£1,000	9.67%	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	38th Issue	wef 24.8.92	5 Year	£25	7.50%F	OM
	5th Index Linked		5 Year	£25	4.50% + Infln	OM
	Childrens Bond C	wef 24.8.92	5 Year	£25	10.10F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. # = Rate fixed until 31.1.93. ♣ = Rate fixed until 1.2.93. ♠ Rate fixed until 31.8.92.

Source: MONEYFACTS. The Monthly Guide to Investment and Mortgage Rates, Walshams House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808.

Capital gains on US shares

I HAVE recently had share certificates from several US investments, which were previously held on my behalf by overseas nominee banks, transferred into my sole name in the UK.

As there will be seven quarterly dividends paid to me (28 a year) what is the most efficient and economical way of processing these? Presenting them at a bank incurs multiple commission and varying exchange rates.

Would it be possible to open an interest-bearing dollar account in this country, if so how would UK tax be deducted and recorded? Would you be able to suggest any American banks I could contact for this purpose?

■ If you pay the dividends into a dollar account in the UK, the bank will deduct 10 per cent UK tax (or 25 per cent on dividends which are exempt from US tax) by reference to the exchange rate for the day.

You may find it is more economical to have the dividends mandated to a bank in the US. You could then have money sent over (in sterling) to you existing UK bank account, at convenient intervals or as required.

We cannot recommend particular banks: it may be best to have a chat with your existing bank.

Bear in mind that each withdrawal from a foreign-currency bank account produces a chargeable gain or an allowable loss for CGT purposes. If you are thinking of having more than one dollar bank account, write to the Inland Revenue Public Enquiry Room, Somerset House, Strand, London, WC2R 1LB, and ask for a copy of SP10/84 – Capital gains tax: foreign banks accounts.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Selling a business

I HAVE been in business as a sole trader for the last 10 years. I am 65 and propose selling the business to two colleagues.

It is a service business and the only asset is the goodwill, which has been evaluated at £200,000. Unfortunately the two colleagues do not have £100,000 each readily available to make the purchase.

Are there any provisions in capital gains legislation or related case law which allows a would-be purchaser of a business to repay the purchase price over a period of time out of profits generated from the business without affecting the seller's CGT requirement relief.

■ Yes, there is no problem (so far as CGT is concerned) if the sale agreement provides for the consideration to be paid by instalments over a number of years.

The solicitor who draws up the sale agreement will be able to guide you through the tax maze. Ask your tax office for the free pamphlet CGT6 - Retirement: disposal of a business.

Minding Your Own Business

Big in a tiny market

Nick Garnett visits a model train maker

PETER Farish muses over the reaction of people when they hear what he does. "It gets very interesting at cocktail parties. When our company made speedboats people used to say: 'What, you make boats? That sounds impressive'. Now that I tell them I make model railways there's this tiny second when they just look at you. They are thinking of a little guy at the back of his garage playing around with stuff on a bench. You know, wife, dog, torn cardigan."

Well, Graham Farish, the company named after Peter's father, is not quite like that. From its small factory near Poole, Dorset, it claims to supply 85 per cent of the UK market for tiny N gauge railways and equipment. In the Lilliputian scale of railway modelling, N gauge is half the size of the Double-00 of Hornby fame.

Competing with a battery of German manufacturers, Graham Farish makes 20,000 to 30,000 mini locomotives a year and 60,000 models of other rolling stock as well as supplying complete train sets with track, model buildings and miniature figures. Some items, such as track and electric motors are bought in but most are made in-house. "I like to think of us as a microscopic vertical corporation," says Farish.

The recession trimmed turnover to £800,000 last year from a peak of £920,000 in 1989. "The market is down 20 per cent and I reckon it could fall another 10 per cent." UK yearly sales of all forms of miniature railways fell from £30m in the 1970s to half that now. Farish says though that, until the recession, sales were growing steadily. He reckons three quarters of customers are adults – the man in the council flat who train spots on Saturdays, the middle class collector with a giant layout in the play room, finicky club enthusiasts known in the hobby world as "rivet counters".

N gauge forms just 15 per cent of the UK model rail market compared with 45 per cent in Germany. The German market is served by several high quality German makers including Fleischmann, Minitrix and Marklin. But these German makers offer few models of British locos and it is British equipment the UK rail modeller mainly wants.

Graham Farish started in 1919 and once claimed to supply three quarters of the components used in British radios as well as selling goods from water sprinklers to fertilisers. It started making model trains in 1947, got into N gauge in 1970 and dropped out of Double-00 in the late '70s when Airfix and Mainline piled into an already crowded market, shunting prices downwards in the process. It now earns all its income from model railways.

Graham Farish's manufacturing plant turns out some 400

'I like to think of us as a microscopic vertical corporation'

different products. With locomotives composed of more than 100 parts, the company must juggle with over 4,000 different components. This hardly causes a storage headache because tracks are less than a third of an inch wide, rolling stock an inch high and rivets for holding the models together a few millimetres or so long.

Farish, who co-owns and coruns the business with his brother Gordon says manufacturing processes are not up to scratch. "We have started making improvements here."

To manufacture models, copper electrodes are cut to the shape of a component. This electrode is used to burn through steel by spark erosion – creating a facsimile of the electrode by "moltenising" metal. The resulting "tools" are used to produce components by plastic injection or metal die-casting. Printing on the rolling stock involves nylon printing plates on which silicon pads pick up the ink and deposit it on the model's body. Microscopic brass rivets are inserted by air pressure.

The tool room is rather careworn, the casting machine is of 1940s vintage and the company purchased a computer design system for drawing components only this year. Preparing drawings for a wholly new model – like the British Rail 158 Sprinter – can take up to 10 months. Farish says tooling up for a complete new loco can cost up to £30,000 so the company picks rolling stock chassis on which it can put several bodies and bodies that can take different liveries.

Model shops say Graham Farish coaches are the best in the business but that its locos are less detailed and slightly less accurate than those of the Germans. However, they are £15 or so cheaper.

"On a Class 47 diesel the steps for the driver from the bogey to the cab are in a certain position. For the Class 37 it is the same but the cab is set back a bit so we should reposition the steps by five millimetres. We don't do it. Marklin would but you pay an arm and a leg for that. We produce good quality, life-like products. If we did more the cost would go up and the market would shrink." Usual retail prices range from £29 to £68 for locos, about £8 for coaches and £3 to £7 for wagons. It also sells complete train sets, and will deliver to your door a rail system already laid out on block board for £375.

Recession has cut margins. "We normally can make about 10 per cent," says Farish. "Now we are just making a profit. If you have a lot of volume you can make a lot of money. We need more volume."

To help provide that, Graham Farish two years ago made 100,000 push-along locos for a Shredded Wheat promotion and has been talking to McDonald's about something similar. "I also want to try and utilise our equipment to make other, quite different products."

■ *Grafar, Romany Works, Wareham Road, Holton Heath, Poole, Dorset. BH16 6JL. 0202-622-681.*

If you failed to make the grade . . .

. . . do not despair. Poor A-levels need not be ruinous, says ***Marilyn Bentley***

TWO Bs or not two Bs? That is the question for the thousands of A-level students whose examination results will be known this week. Is it time to decide which favourite CDs to take to university – or which universities will take C/Ds?

Failure to get the required A-level results can mean shock, disappointment and the upsetting of cherished plans for higher education. "The majority of students will not have considered the possibility that they might fail," says Julia Cox, a personal tutor with Mander Portman Woodward (MPW), a leading London tutorial college originally established to cater for those retaking A-levels. But it need not mean unqualified disaster.

As a first course of action, Cox recommends a direct approach from students to their chosen colleges, to see if grade requirements can be relaxed. "I find on the whole that admissions tutors are extremely friendly. They are trying to do a very difficult job as fairly as possible." An appeal, or even a personal visit, from a well-organised hopeful, armed with the necessary information (such as UCCA or PCAS reference numbers) and offering as much help as possible, can result in the college reconsidering its terms.

Admissions tutors are conscious that the examination system is something of a lottery, and a demonstration of real commitment by a student can sometimes offset lower grades. "It's worth having a go," insists Cox.

The likelihood of success will be modified by the chosen subject and the market. Many colleges offering less popular courses – physics, engineering, most technical subjects – are already beginning to tell students how to proceed if they do not get their grades. On the other hand, over-subscribed subjects such as law, English, medicine, and the history of art present more of a problem, and the universities can call the tune.

"College admissions are a perfect example of the law of supply and demand," says Joe Rushton, chairman of MPW. Most institutions now get most of their money as a direct result of recruiting students. So, within the constraints of available space, teaching staff, or government quotas, the institutions' aim is to get as many students as possible. "If they have a place, they want a student to fill it. There is a real educational market."

Students cannot be moved into the UCCA/PCAS clearing system until they have been rejected on the offers they are currently holding, so it pays to establish one's position as early as possible. Places may be available on the same or similar courses elsewhere and the press will be carrying details of what is available. But the formal clearing process is very slow – it can take up to six weeks. Cox recommends students to put their areas of interest in descending order of priority, get on the phone and do their own research.

"Arm yourself with the UCCA or PCAS books, your reference number, some good things to say about yourself and a lot of patience. Just keep ringing round. As soon as you get someone who takes down your details, go back to your tutor and get them to take over from there. It comes down to individual student motivation a lot of the time. You can't sit back and let the system grind." However, she cautions against the temptation to accept a place just because it has been offered – you can lose future entitlement to a local authority grant.

A good deal of rapid rethinking and positive action has to be done at a time when students are still smarting from their disappointment. But an A-level certificate which fails to "make the grade" can sometimes be a welcome opportunity for a change of heart where young people have drifted towards a particular course on the basis of a generalised interest, or under pressure from parents or teachers.

If this is the case, what questions should students ask themselves? "Work backwards from where you eventually see yourself," advises Cox. "Look at the career indicators, but also look at the fact that you will spend three years of your life studying."

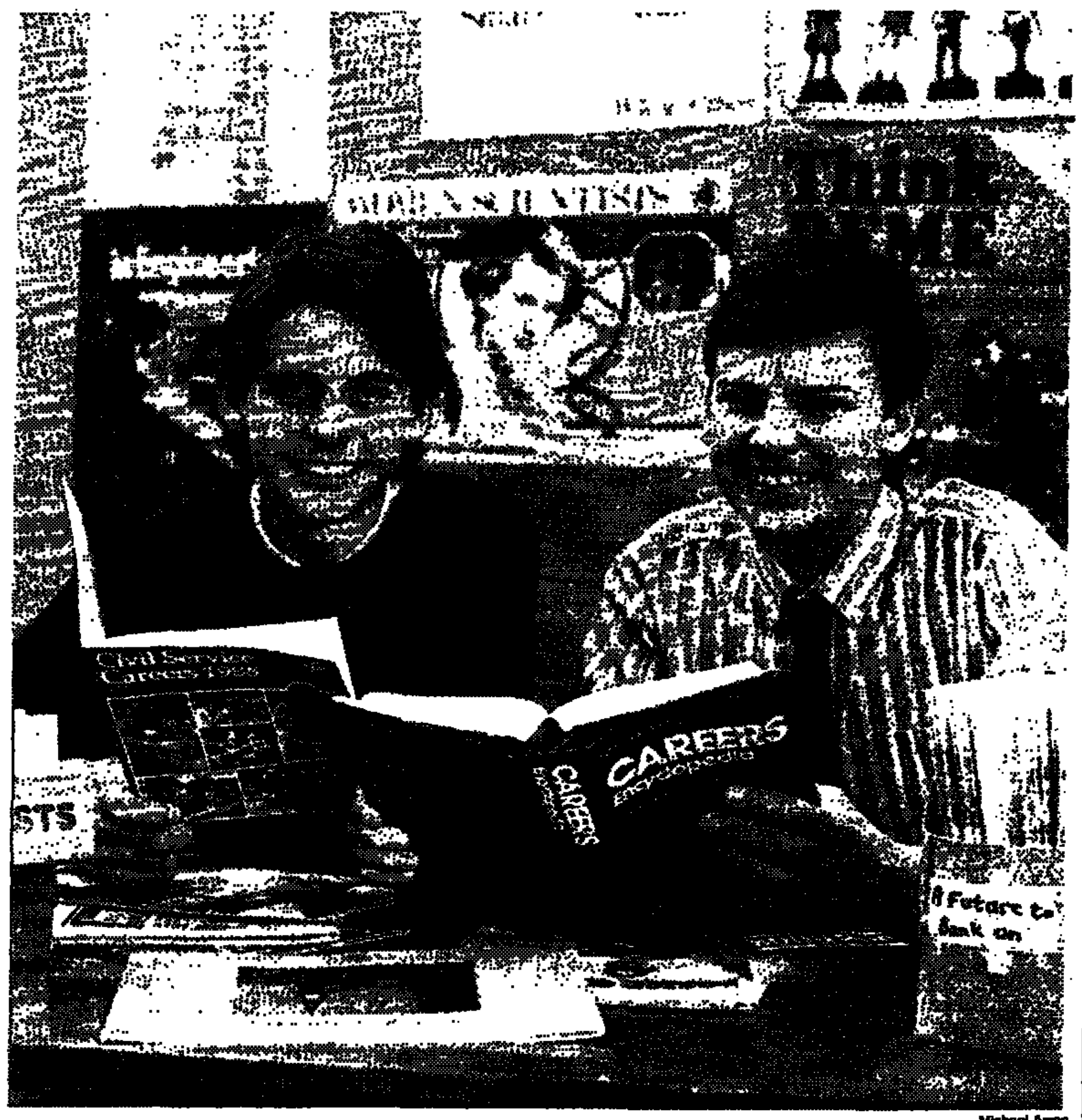
Many students have not really thought beyond their interest in a subject for its own sake. There is nothing wrong with that but, bearing in mind the thousands of courses available, it may not be as difficult or as time-consuming to find something equally appealing. "When they have been shaken up a bit, students are open to suggestions, if you genuinely offer help," says Cox. "That doesn't mean that we capitalise on the fact that they are vulnerable. But they are more willing to listen."

Disappointing A-level results may reinforce a determination to pursue a particular course; a change of direction can throw up new demands for higher grades. In either case, the student will be faced with "retakes".

"What students see when they are sitting there with their envelope is: same school, same subjects, same struggle," says Rushton. What is needed is an injection of enthusiasm. It is a question of interpreting the certificate in the most positive way. In most cases, one result will be acceptable and another can be improved if the exam is retaken. But there is often a subject which a student rather regrets having chosen in the first place. Many young people do not discover their real areas of interest until well into their A-level studies. A different subject, such as politics, statistics or social biology, which can be studied without prior GCSE, can add freshness and motivation to a retake course.

Having decided to retake a subject, a short burst of energy can get the exam out of the way by January, with the prospect of improved results, an interesting higher education course to look forward to, and eight months ahead for other pursuits. It is not a bad outlook.

■ Information:
MPW London (Arts) Fiona Dowding 071-835-1355. MPW London (Sciences) Nigel Stout 071-584-8555
Also in Bristol, Cambridge and Birmingham



Michael Arron

Michael Bishop (left) and John Armstrong of Bracken Hoe School, Middlesbrough, plan their careers

Make the most of a year off

AFTER THE strain of A-levels the idea of taking a year off before further study is very appealing. But it is important to make good use of the time, and to do so means deciding on specific objectives and making some realistic plans.

Perhaps the first question to ask is: is it worth it? As a starting point, *Taking a Year Off* (Trotman and Company) contains some useful tests and checklists as a means of assessing the rewards and pitfalls of various options, plus general information and case studies.

The possibilities fall broadly into three categories: travel, work and short-term study. A gap year can provide the travel opportunity of a lifetime and there are extensive concessionary travel schemes available to young people. But it is worth investing in a return ticket. Local emergencies often arise abruptly and extended periods of travel can be lonely. For the intrepid but indigent, Vacation Work publishes guides to opportunities and working conditions in various countries to supplement income en route.

Rod Leith, at Returned Volunteer Action, has some exciting suggestions for unskilled young people interested in voluntary work abroad. These include joining work brigades, scientific expeditions, health, environmental and agricultural schemes, in locations such as Nicaragua and Cuba. Leith undertakes to field inquiries to the relevant organisations.

The National Youth Agency publishes an information sheet (50p) listing opportunities for voluntary work within the UK. If the idea of conservation appeals, the British Trust for Conservation Volunteers trains young people as volunteer officers on projects such as dry stone walling or hedge laying. As well as practical skills, volunteers have the opportunity to develop their abilities for administration, environmental assessment and negotiation.

"We don't ask anything except enthusiasm and commitment," says BTCV's Paulette Cohen. Volunteers are interviewed fully beforehand so that they know what they are letting themselves in for.

Community Service Volunteers provides accommodation, food, travel expenses and £21 per week pocket money to volunteers working in community care settings. CSV's projects range from independent living schemes, helping people with disabilities to live comfortably in their own homes, to day centres and working with the homeless, or young offenders.

A short term study course can be used to acquire an additional skill between A-levels and higher education. The *Directory of Independent Training and Tutorial Organisations* (Trotman and Co) lists courses available in the UK's private sector, and the *Directory of Further Education*, (CRAC Learning Materials) those in local authority colleges. Courses include core skills such as computing, teaching English as a foreign language, and more exotic pursuits such as cordon bleu cookery or acupuncture.

For study abroad, *The Student Handbook*, (Macmillan) is a directory of courses and institutions in the 12 EC countries, with information on application procedures, fees, grants, social security and accommodation. Studying a foreign language in situ can break down the prejudices of the most confirmed monolinguist, and Cultural and Educational Services Abroad offers information and advice on language tuition worldwide.

Often the most difficult part of taking a gap year is allaying parents' fears. However, with sensible planning, it can be a rewarding experience.

■ **Information:**
Trotman and Company Limited, 12-14 Hill Rise, Richmond, Surrey TW10 6UA.
Returned Volunteer Action, 1 Amwell Street, London EC1R 1UL (071-278-0804).
Vacation Work, 9 Park End Street, Oxford OX1 1HJ (0865-241978).
National Youth Agency, 17-23 Albion Street, Leicester LE1 6GD (0533-554775).
The British Trust for Conservation Volunteers, Room CC, 36 St Mary's Street, Wallingford, Oxfordshire OX20 0EU (0491-39646).
Community Service Volunteers, 237 Pentonville Road, London N1 9NJ (071-278-6601).
CRAC Learning Materials, Hobsons Publishing plc, Bateman Street, Cambridge CB2 1LZ (0223-354551).
Cultural and Educational Services Abroad, 44 Sydney Street, Brighton Sussex BN1 4EP (0273-683304.)

Marilyn Bentley

Twelve green bottles — and the cost can send you to the wall

Jancis Robinson puts the case for mixed delights when buying wine

WHAT IS so special about the number 12? More particularly, why are we expected to buy a full 12 bottles (or six magnums, or 24 halves) whenever we buy young wine?

Part of the reason is that, traditionally, wine has been packed 12 bottles to a case, presumably because this is the maximum number that all but the puniest adults can be expected to carry at a time. Selling by the unbroken case allows the merchant to pass on wine by the unit with minimal effort.

But now that merchants can generate more than £50 of profit from selling a dozen bottles of wine *en primeur*, perhaps they ought to think about doing some more work for their money and offering us mixed or smaller cases.

For some time now, the Wine Society of Stevenage, Herts, has been offering top-quality Burgundy by the six-pack. The society also puts together cases (such as the one delivered to me the other day) of two bottles each of six different and first-class 1989 clarets. If only more companies would put themselves in their customers' place – after all, however delicious an expensive wine might be, 12 bottles of it is quite a commitment.

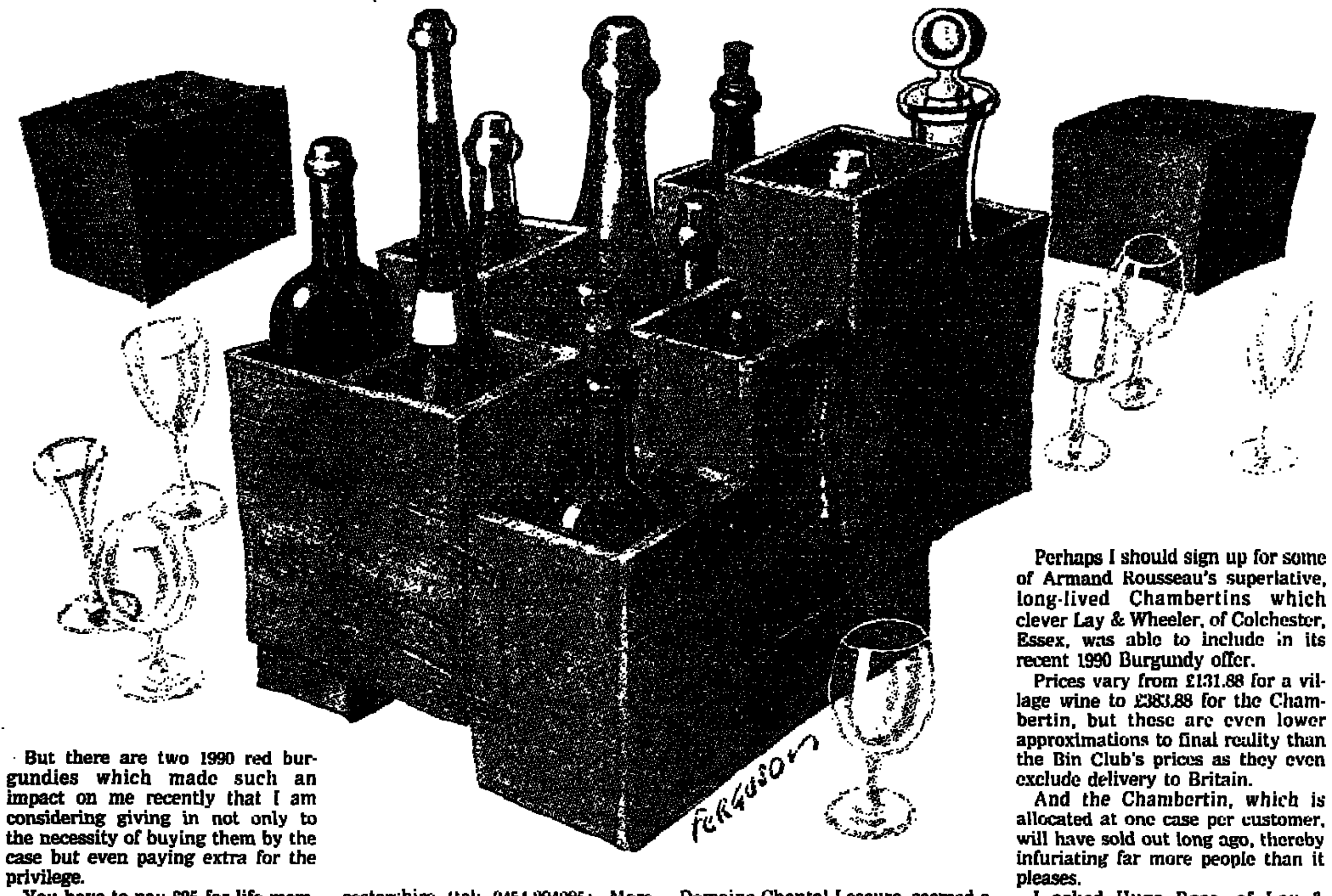
Smaller lots would also help merchants to allocate the really sought-after wines to a greater number of satisfied customers. And remember that Oddbins sells young, smart wine by the bottle.

I approached the highly successful 1990 vintage in Burgundy with all this in mind, loth to shell out more than £300 to acquire a single wine. Almost every merchant used to an influx of *en primeur* cash has been touting 1990 burgundies, and I have been lucky enough to revel in several memorable tastings of generally deep-coloured, evocatively scented, richly fruity, well-structured reds, sometimes enlivened by some surprisingly good whites (especially from Chablis).

Bibendum London NW1 offered a particularly popular range and, as is often the case, Justerini & Brooks of London SW1 and Edinburgh had one of the best selections, if few bargains. I was delighted, therefore, that – by waiting until the wines were in J&B's cellars – I could put together my own mixed case, and was quite happy to pay a 10 per cent premium for the variety. (Common advice is to buy wine with your friends, but they are usually precisely the people whom you wish to delight with it).

All three wines from J&B's new Pommard domaine, Coste-Caumartin, are rich and exciting, varying in price (duty paid and VAT-inclusive) from £15.60 for a straight Pommard to £21.10 for Pommard, Boucherottes. You could still buy a bottle of Jayer's Echezeaux for £40.10 but a more modest and much earlier-maturing choice (in my tasting note for this, I see I wrote the word "gorgeous" twice, would be Bruno Clair's Savigny, La Dominode, from 80-year-old vines, at £14.60.

I could not resist Dauvissat's *grand cru* Chablis, Le Clos, at £22.10 – another "gorgeous" wine, I see (I really must take a few lessons in wine description), with a stupendous conjunction of ripeness, acidity and length of flavour.



But there are two 1990 red burgundies which made such an impact on me recently that I am considering giving in not only to the necessity of buying them by the case but even paying extra for the privilege.

You have to pay £25 for life membership of the Bin Club – although you do get a welcoming magnum of Louis Roederer 1985 in return which is worth far more. The club is a clever continuous wine-buying scheme based in an old Victorian stone brewery in Wickwar, Gloucestershire (tel: 0454-294085). More than a dozen of us assembled there to trawl through 74 possibilities for the club's Burgundy offer, and two of the most exciting wines were not two of the most expensive.

An almost cheekily rich Vosne-Romanee, Les Suchots, from Domaine Chantal Lescure, seemed a snip at £200 a case and the headily dense Clos de Vougeot, Le Grand Maupertuis, from Anne et Francois Gros, ditto at £284. But note that these are in-bond prices and do not include VAT, so there is at least another £45 to pay per case.

Perhaps I should sign up for some of Armand Rousseau's superlative, long-lived Chambertins which clever Lay & Wheeler, of Colchester, Essex, was able to include in its recent 1990 Burgundy offer.

Prices vary from £131.88 for a village wine to £383.88 for the Chambertin, but these are even lower approximations to final reality than the Bin Club's prices as they even exclude delivery to Britain.

And the Chambertin, which is allocated at one case per customer, will have sold out long ago, thereby infuriating far more people than it pleases.

I asked Hugo Rose, of Lay & Wheeler, if the company had considered making more flexible offers, but was put firmly in my place. "Most of our customers are well-trained," was how he put it. "They say they wouldn't dream of buying fewer than 12 bottles."

Cookery/**Philippa Davenport**

Bass: a sleek and simple fishy feast

SLEEK and silvery with delicate flesh, sea bass is a fine fish for high summer. While not cheap, it requires very little effort by the cook to make a memorable feast.

Like most top-quality meats and fish, sea bass shows to the best advantage if given very little embellishment. Cook it plainly and sauce it simply.

It seems a great pity to fillet such a handsome fish. For maximum effect, cook and serve sea bass whole. If the fishmonger has not done so, cut off the fins; these have sharp spikes, as do the gill covers. Then, gut and scale it. Impeccable freshness is, of course, paramount.

Rick Stein, whose Seafood Restaurant in Padstow is one of the best reasons to visit Cornwall, brushes sea bass with butter and roasts it on a thin pallet of vegetables in a hot oven until the skin is crisp and the flesh is tender. He serves it with Hollandaise sauce sharpened brilliantly with sorrel.

Sea bass is suited equally well to oriental treatments.

SEA BASS WITH
BLACK BEAN SAUCE
(serves 6)

This party piece comes from a tome of favourite recipes from Prue Leith's cookery school: *Leith's Cookery Bible* (Bloomsbury £20). Black beans can be bought from Chinese supermarkets in tins or vacuum packs. Thicken the sauce at the end, if you like, with 2 teaspoons cornflour.

Ingredients: 1 x 4 lb sea bass, cleaned and scaled; half a lemon; half a dozen spring onions; 3 tablespoons fermented black beans; 1 garlic clove; 1 inch of fresh ginger root; 1 tablespoon sunflower oil; 2 teaspoons sesame oil; 2 tablespoons each soy sauce and sherry; 1 teaspoon sugar.

Lay the fish on a large sheet of oiled foil. Sprinkle with sea salt and pepper, cover with citrus slices, and crimp the foil to make a baggy (yet securely-sealed) parcel. Cook on a baking sheet at 375F/190C (gas mark 5) for 40 minutes.

Wash the beans thoroughly under a cold running tap. Chop finely the garlic, ginger and half the spring onions.

Warm the sunflower oil in a small saucepan and cook the aromatics for 1 minute.

Add the beans, soy sauce, sherry, sugar and half a pint of cold water. Bring slowly to simmering point. Cover and cook very gently for 15 minutes so flavours blend and infuse. Then stir in the sesame oil.

Unwrap and slide the cooked fish on to a warmed dish and scatter with the remaining spring onions, chopped finely. Hand round the sauce separately.

SEA BASS WITH
SESAME & SOY
(serves 2)

Here is a dish to which you can turn when you want a fast feast for two. If times are hard, grey mullet can be used instead of bass.

Ingredients: 1 x 1½ lb sea bass, cleaned and scaled; 1 heaped teaspoon sesame seeds; 3½ tablespoons peanut or sunflower oil; 1½-2 teaspoons ginger root chopped very finely; 3-4 spring onions chopped very finely; soy sauce.

Make two or three deep slashes obliquely down each side of the fish. Paint very lightly with oil and season with sea salt and plenty of coarsely-ground black pepper. Grill for about 15 minutes, turning the fish carefully at half-time.

Alternatively, steam the fish. This is even quicker (7-8 minutes should be enough) and is less smelly, making it a wiser choice when the weather is such that leaving the kitchen windows and back door wide open to waft away fishy odours does not appeal.

While the fish cooks, toast the sesame seeds in a fat-less pan and reserve them. Put the ginger and oil into the pan and place over low heat until very hot and aromatic.

Add the finely-chopped spring onions to the saucepan, cover, and set aside for 2-3 minutes while you move the cooked fish on to a hot serving dish. Then add the sesame seeds to the pan and return it to the flame until bubbling hot. Add a good splash of soy, shake to mix the ingredients, and pour the sizzling sauce over the fish.

As They Say in Europe

A taste of law and ordures

"TO GO on holiday is to be cheated" is not one of the world-weary, cynical maxims of the Duc de la Rochefoucauld but one of mine. Only in France, however, has it been given force.

The state secretariat for consumer affairs has set up Operation Vacances 92, which is sweeping across the land. Attacking beachside shacks which fry their *frites* in the same oil many times over is merely one of its tasks.

There are more glamorous malefactors who have been highlighted in *Libération*. "You could be the manager of a renowned palace on the Cote d'Azur, welcoming well-off clients with large smiles while providing contaminated food in luxury dining rooms."

Apparently this hotel – the identity of which the authorities refuse to reveal – used products past their sell-by date. "And worse," said *Libération*, "behind the alluring descriptions there hid pre-packed meals re-heated in an ordinary micro-wave."

The scope of anti-contamination operations is impressive. Pizza sold at a "concert" by the pop group Genesis was thrown into dustbins full of chlorine and bleach to ensure that even music-crazed customers would not touch it.

Hundreds of kilos of charcuterie have been burnt in Ariege, a ton of dirty meat at a wholesaler in the Dordogne, and thousands of re-frozen ice creams were destroyed near Marseilles. *Libération* even described a haul of holed snorkel tubes.

International developments reinforced this disturbing picture of France on holiday: the above revelations coincided with news of illicit imports of hospital waste from Germany on a colossal scale.

Paris-Normandie put it all in the context of next month's Euro-referendum: "Whether it is organised by German firms or whether it benefits from the complicity of French importers, this traffic is all the more revolting because it gives a supplementary argument to the anti-Maastricht faction."

For this faction, the communist daily, *Humanité* replied with the headline: "Ordures sans frontières."

It is perhaps necessary to add that, from my own recent experience, anybody contemplating a French holiday should not be put off. There is more to France than rotting meat, contaminated cooking oil, ammonia pizza and suppurating hospital swabs.

A Swiss holiday will pose no such dangers. But the visitor should understand the nature of the close-knit society, as revealed in a legal action last week.

The *Neue Zürcher Zeitung* reported a case in Neuchatel where a man had built a spy-hole behind a one-way mirror so he could observe the young couple in the bedsit next door. When the device was discovered, the couple complained to the police, who took no action.

So, the couple sued, at which point the defendant died but the court awarded total damages of nearly SFr6,000. The *NZZ* headline summed up the result: "Voyeur's widow must pay compensation."

Keeping an eye on the neighbours is a popular hobby in this part of Europe, so it is not surprising that it could be backed by law in Bavaria.

Reporting from Munich for the *Frankfurter Rundschau*, Peter Fahrenholz wrote of the plans of the state's interior minister, Edmund Stoiber, to establish "security counsellors, contacts and linkmen" to act as intermediaries between the population and the police. The idea is to be tested in Nuremberg.

The socialist opposition sees such officials as successors to Nazi block wardens Stoiber's spokesman, Gunter Schuster, denies this. He said the aim was to move from a "culture of looking away to a culture of looking in."

James Morgan

■ *James Morgan is diplomatic correspondent of the BBC World Service.*

Awakening of a president

■ From Page I

bashes Congress and his opposition into submission. That Truman was a Democrat is irrelevant. But this posture is "all window dressing," Broder went on. "On the journey from New Orleans [site of the 1988 convention] to Houston, Americans have learned two important things about this president: he has no real regard for his own campaign rhetoric; and while he may hire good speechwriters for occasions like this week, he has virtually no capacity or interest in regularly using the forum of the presidency to shape and inform the public debate."

Tough words, and from a writer who, unlike some counterparts on the right also disaffected from the president, does not normally shoot from an ideological hip. Another generally dispassionate dean of the trade, Johnny Apple of *The New York Times*, describes Bush as "a political version of the 19th century Yankee merchant, always genteel and mannerly in private, but sometimes cunning and ruthless in business."

Even Bush has conceded that domestic business bores him, not entirely surprising after a public career devoted, by turn, to China, the United Nations, the Central Intelligence Agency, and, as vice-president and president, to great affairs outside the US. A brief stint as a congressman from Texas and as Republican party national chairman are little more than footnotes in the resumé.

The one counter-argument this week was, essentially, that a president is principally supposed to preside over the events of the world and, in this respect, George Bush is supremely qualified. Circumstances may dictate otherwise, but they must be exceptional, on a par with the Depression confronting FDR, or the need for social justice addressed by Kennedy and Johnson, or, as conservatives would maintain, the necessary burst for individual freedom and less government pursued in Reagan's first term.

Bush has to persuade the US that he can change his spots

If Bush is a late convert to this domestic cause, which will determine the outcome of the election, then, his supporters argue, it is better to be late than never. It matters less that he has switched over the years with the prevailing winds - on taxation, on abortion, and any number of other issues – than that he has seen the light at the right time. If ideology sits lightly on a self-confessedly unreflective man, happier on the golf course than with a book, then that may be seen as a tribute to his inner sense of security.

After all, nobody ever accused Truman or Eisenhower or Reagan of being intellectuals, but their presidencies were considered successful. Nixon, Johnson and Carter had brains to spare, as may Clinton, but were ultimately undone by the inner demons and conflicts that so often visit the best, the brightest and the worst. All Bush has to do is to persuade the country that he can change his spots and let the heart and mind follow.

But that alone will not be enough. He must also in the process destroy Bill Clinton, by fair means or foul. That scent of the target, that setting of the sights on the rifle, albeit directed mostly by the unseen hand of James Baker, explains why George Bush seemed happy this week. But the quarry looks tough and elusive, and the economic and societal terrain on which the chase will take place is not as friendly as it was four years ago. It is possible, too, that the public appetite for dirty pool has been finally sated. Saddam Hussein, no easy mark, could be tougher, though not impossible, to bring down.

TRAVEL

Africa: ***Michael J. Woods*** *with the lions of Ngorongoro, in Tanzania, and* ***Nicholas Woodsworth*** *in the Karoo, north of Cape Town*

Life and death in an ocean of emptiness

ON tip-toe, and with a smiling frown on her broad fawn face, the lioness danced playfully away from the white-tailed mongoose. This valiant animal, little bigger than a cat and with a white plume of a tail, repeatedly leaped at the lioness's chin, snickering with anger as he did so.

The lioness stepped aside. As the mongoose made to run off, his tail like a beacon in the flat grey light of morning, she flicked out a dinner-plate paw and swept his feet from under him. The mongoose lay winded for a moment.

As he got up, a second lioness came to tease him further. Like domestic cats with a shrew, they had no intention of eating their captive, merely of having a good time.

But this was a terminal mongoose. His chattering so excited one lioness that she playfully picked him up and tossed him a few feet through the air. He was dead before he hit the ground.

These were just three of the 100 or so lions which are packed into the Ngorongoro Crater in Tanzania, for they live there at the very high density of about one to the square mile. As a result, they are remarkably easy to see but, like lions everywhere, they spend most of their time doing very little.

To watch interesting lion activity you have to be out early or stay late, which was possible when I was there (late March), when camping on the crater floor was officially forbidden. That white-tailed mongoose met his end at 6.30am only 500 yards from our camp just a few days before the ban was announced. From now on, you will have to rise very much earlier in order to tackle the tortuous and hour-long descent to the crater floor to be in time to catch some of this action.

By way of compensation, the Tanzanian government has allowed the construction of a fourth lodge on the crater rim and a fifth is to follow, offering between 200 and 400 more bed spaces. To avoid saturation of the crater floor, access will be rationed by permit with the intention of encouraging more people to explore the rest of the 3,200-square-mile Ngorongoro conservation area which lies between the crater and Serengeti national park.

It is an ocean of short grass plains, apparently endless, gently rolling – a daunting space. Occasionally there is an island, a rounded granite hillock exfoliating like an old, tired onion with a growth of whistling thorns and characteristic umbrella acacias to give shade. These are havens for predators which occasionally sally forth like pirates to make a raid on passing prey.

In contrast to the crater, which has permanent water and a mosaic of habitats and thus contains remarkable concentrations of mammals and birds, the conservation area appears to be empty. But this is a trick of the landscape, for its vastness, stretching in every direction, is deceptive, giving the illusion of a much reduced quantity of game.

In fact, these plains were full of life during my visit, which took place when the rains were imminent. The herbivores had given birth and the place was bouncing with wildebeest calves, young Thompson's gazelles, zebra colts and a host of other species.

Then strings of wildebeest set off to follow the rain. Files of animals perhaps two or three miles in length came over the far horizon as a tiny cloud of dust and after 20 minutes or so were barely distinguishable with binoculars. At that distance they looked almost like North American plains bison in a western.

Shortly, though, they were passing close at hand, walking, trotting, cantering, walking again – cow, calf, cow, calf, making that strange bleating sound and carving yet another groove across the plain. Crossing these paths is like driving over the lines in a railway marshalling yard.

Gibbs Farm Safaris is run by Nigel Perks, a tall, broad Kiwi fed a love for Africa on a childhood diet of David Attenborough's *Zoo Quest* programmes. From our camp moored against a large rock (you have to link your camp to something out there – simply to plonk a tent down on the open plain would be terrifying), we set out every day without coming across another vehicle. Nigel had an uncanny knack of foretelling what we would see and, with an excellent eye for wildlife, ensured that the list included both serval and African wild cat.

On the last day we were to have the privilege of joining a group visiting Olduvai gorge, which also lies within the richly-endowed conservation area, in the company of Mary Leakey. Looking round a kopje on the way we found a dozing cheetah. With time to spare we sat and watched.

The cat lay warming on the rocks and gradually came to life. Cheetahs hunt by sight, generally in the mornings, so we waited a little longer. Soon it bounded nonchalantly from the rocks and strode casually on to the grass. Here it stood for a while and then sat like a large china spotted cat. In the distance were a group of gambolling, grazing Thompson's gazelles, too far to stalk.

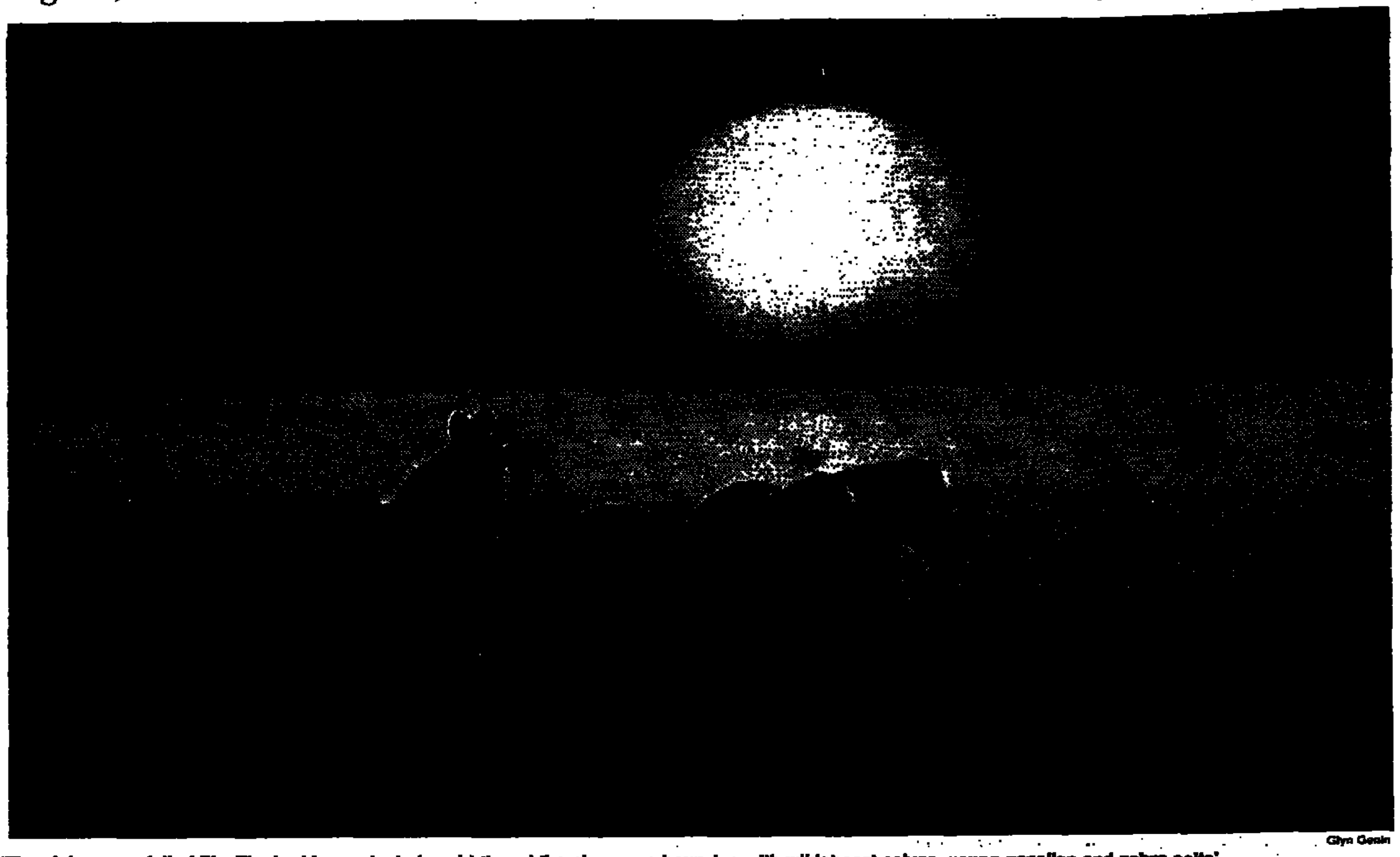
The cheetah flopped on the grass and stared glassily towards the horizon. A faint hint of grey dust suggested approaching wildebeest.

The tension in the Land Rover was palpable. Wildebeest after wildebeest went by. Perhaps we had mistaken the cheetah's intentions. But suddenly it was flying; there was dust, panic, confusion, running hooves, a walking cheetah – it had missed.

Like cars on a packed motorway, wildebeest on the move speed up, slow down, run, walk, trot, stop, canter, all for no apparent reason. The ones towards the back had no idea why those further up were making haste and no inkling that the cheetah was back in doormat mode.

This time there were no mistakes. We saw a spotted buff explosion, a pall of dust and the waving chestnut legs of a wildebeest calf as the life was suffocated out of it. We never did get to Olduvai.

■ Michael Woods' safari to the Ngorongoro conservation area in Tanzania with Gibb's Farm Safaris was arranged by Art Of Travel of 268 Lavender Hill, London SW11 1LJ, tel: 071-738-2038. Gibb's Farm Safaris is based at Gibb's Farm, a lodge between Lake Manyara national park and the crater which is linked to Ndutu, a second lodge on the edge of the short grass plains.



'The plains were full of life. The herbivores had given birth and the place was bouncing with wildebeest calves, young gazelles and zebra colts' Glyn Genin

Past glory of a parched land

FROM Cape Town the road to Graaff-Reinet winds north and east. For 100 miles it runs through the lushest land on earth, through vineyards and pine forests, alongside fruit orchards and alleys of oaks, over clear rivers and green mountain ranges.

But somewhere around the town of Montagu, where I stopped for a late breakfast on the edge of the Little Karoo, the richness starts to give out.

From here on the land takes on a desiccated look. Rainfall diminishes. High mountain ranges cut off coastal moisture and the valleys bake in clear, bone-dry air. The earth becomes poorer and flinty. The vegetation is sparse and hugs the ground.

Near Barrydale, spiky green cactus appeared. Outside Calitzdorp, flocks of tall ostriches sprinted along in the dry dust beside the car. Seventy miles past Oudtshoorn the road veered north and entered the Great Karoo. A vast area of empty skies and sun-struck plain, it is lonelier and more arid still than the Little Karoo.

On I sped down a flat, die-straight highway, the distant conical hills known as *kopjes* shimmering in the late afternoon heat. There were no trees, no towns, no irrigated vineyards, just a sparse, endless carpet of spiky, aromatic Karoo bush burned brown by the sun. Here a lonely farmhouse hid in a *kopje's* long shadow; there a slowly-turning windmill signalled a water tank and herd of heat-dazed sheep. For 50 miles before Graaff-Reinet I saw nothing.

As I rolled into the wide main street I threw sideways glances at the shops on either side: Peter's Home-Made Pies, the Massey Ferguson tractor repair shop, the Maison Capri Beauty Parlour, the Ela-Gant Gift Shop, the Reinet Billiard Hall, the Graaff-Reinet Men's Club, the Salt and Pepper Cafê. Beyond, down tree-lined side streets, I could see simple white-washed houses and the spires of half-a-dozen churches.

Graaff-Reinet looked like a stylised dream of small-town life several decades ago, a place where the clocks tick more slowly than elsewhere. And, as I discovered over the next few days, appearances are not deceiving – more than most out-of-the-way places, Graaff-Reinet is not about to be rushed into the future without thinking twice.

Graaff-Reineters say they like the town for its wide open feel, for the huge spaces and leisurely rhythms that fill it. Money matters less. Success matters less. Haste matters less. What does matter is remembering the lessons of the past.

That the town has reasons for looking to its past became clear when I met Johann van Zijl at the Drosdty Hotel, a magnificent building of high-ceilinged, polished-plank reception rooms and flowery courtyards. Sitting on a shady terrace in 40°C heat, van Zijl, a proud Afrikaner and elder of the nearby Dutch Reformed Church, told me it was more than just a hotel.

Built in the early 1800s as the residence of the Dutch *landdrost* – a magistrate and chief administrator – the Drosdty stood as a symbol of white civilisation, the headquarters of a vast, wild frontier district where life was precarious and encouraged caution and conservatism at every turn. It still does.

Graaff-Reinet's history is a long dirge of struggle, conflict and death. If the Boers who brought their sheep to graze here in the 1770s were able, in a few decades, to destroy the bushmen and hottentots who claimed the land, their confrontations with more formidable black Xhosa tribes made this eastern frontier a hostile place.

Nor was it just conflict with black Africans that brought insecurity and bitterness. When the Cape colony was handed over to the British in 1806, Afrikaners in Graaff-Reinet found their almost Biblical lifestyle threatened by another enemy; a new group of white Africans determined to anglicise them.

In the 1830s many sold their land to English farmers, who hold it still, and in that great epic of Afrikaner lore, the Great Trek, marched north. Even today, old rivalries resurface. When the town's Afrikaans and English-speaking students compete each year on inter-school sports day, the Boer war is thrashed out all over again.

But history is not the only element that provokes conservatism in the soul of white Graaff-Reinet; there is also the on-going battle for survival with the land itself.

Usually life in town revolves around home and family, but on Friday nights the focus shifts to the Graaff-Reinet Men's Club, a bastion of English tradition and male camaraderie. It is here, amid mounted game trophies and the clicking of billiard balls, that sheep farmers from the outlying districts come to drink and to relieve the loneliness of a week spent miles from the nearest neighbour.

For most of its 100 years the club's bar-room has been a lively place, as the bullet holes in its wooden bar suggest. But on the night I wandered in and began chatting to farmer David Luscombe, the talk among these burly, sun-burned men in worn khaki was of drought, bankruptcy and hard times.

Even in the best of times the Karoo is a place where merino sheep and angora goat farming is risky. But farmers have learned to live with regular cycles of drought. The key to survival, I heard from Luscombe with no surprise, is to take no chances: make as little investment as possible, keep overheads low, put food stock aside in the rich years, eke it out in the lean.

In the end, Graaff-Reinet's profound traditionalism may not be of great help in coming to grips with the inevitable: creating a multi-racial society. The town is not what it first appears to be: a small, all-white town of about 4,000.

On the other side of the dried-up Sunday's River, only a mile or so away, are two large and dusty townships, one mixed-race, one black, totalling 24,000 people. Just how, under multi-racial rule, these landless masses will regard individually-owned 100,000-hectare farms is an issue anticipated with great anxiety.

In the meantime, there are signs that even Graaff-Reinet knows it cannot slow the clock for ever. On a Saturday afternoon I went out with John Luscombe to the township of Kroenvale. Here, on the very edge of the sun-burned desert, in a brilliant green oval of well-watered grass, the white farmers were taking on a township cricket team.

Multi-racial sport may be new in Cape Town; here it is revolutionary – proof, after all, that even in the arid, unchanging Karoo, there is, from time to time, something new under the sun.

N W

Motoring/**Stuart Marshall**

A Jaguar that no one needs

AS EVERYONE who reads a tabloid newspaper must know by now, the Jaguar XJ220 is the dearest (£415,000), fastest (217 mph/350 kmh) and most sought-after car in the world. No fewer than 1,500 people – more than 400 in recession-stricken Britain – are said to have applied to buy one within 48 hours of Jaguar's announcement in December 1989 that 350 would be made in a limited edition.

Last week, two of these precious machines were made available for press testing. When a journalist accidentally over-revved and damaged the engine of one of them, it made headlines. You would have thought no one had muffed a gear-change before.

In essence, the XJ220 is close to being a de-tuned sports/racing car clad in a strikingly beautiful, if wildly impractical, body. It has two leather seats and a boot just about big enough for a document case and a packet of smoked salmon sandwiches.

It is difficult to enter and leave although, once you have strapped yourself into the full racing harness, the air-conditioned interior seems comfortable enough. Clutch and brakes (no power assistance or anti-locking system) are very heavy; the gear-shift is no lightweight, either.

There is no power steering, no traction control system and no spare wheel. Even if there was room for a spare, which there is not, it would not be much good because, if you took off one of the monstrous road wheels, either it or your passenger would have to be left on the roadside. If you get a flat tyre (a new set cost more than £2,500), you call up your private helicopter and have the car collected on a lorry.

The engine, in full view under the rear window, is a 3.5-litre V6 from Jaguar's XJR11 racing car. Twin turbo-charged, it belts out 548 horse-power – which makes the XJ220 about 20 per cent more muscular than a five-litre, 12-cylinder Ferrari 512.

The exhaust system with catalytic converters is, of course, road-legal. Even so, an XJ220 in full song at 6,000 rpm would thrill motor-racing buffs but have environmental protection officers reaching for their noise meters. At start-up, the V6 is so coarse and rattly that it makes the XJ220 sound more like farm machinery than a £415,000 motor car.

Jaguar racing driver John Nielsen hurtled me round the Salzburg Ring racing circuit in Austria for three laps before handing over the XJ220. In all honesty, I cannot pretend to have gained any real idea of its performance in fewer than 10 minutes on a track. All I can say is that the cornering grip was sensational, the acceleration head-jerking, the steering razor-sharp and the brakes very powerful.

Buyers who plan to drive their cars on the road will be relieved to know the engine is flexible enough to pull in third or even fourth gear at speeds that will not cause blue lights to flash.

Driving on a deserted circuit is exciting; a wonderful, once-in-a-lifetime opportunity to play with a car-mad millionaire's latest toy. But what would it be like on a motorway, or in London's Park Lane on a wet Friday afternoon? Mercifully, I shall never have to find out.

Jaguar stresses, with pride, the XJ220's great structural strength and crash protection qualities. But, without wishing to be the spectre at the feast, one has to ask: what business does the company have making a car like this at all?

As a road-going car it has no relevance. There is nowhere in the world except a private circuit where it can be allowed to show its potential.

The XJ220 was conceived – originally as a V12 with four-wheel drive before being watered down to a rear-drive V6 – in the boom days of the mid-1980s. There might have been no justification for it even then, but at least a buyer would have had a chance to see how it went on the autobahn (always providing he had the skill).

Times have changed. Very high speeds on the autobahn are frowned-upon and many now see a projectile like this – available to anyone with the money to buy and insure it – as an affront to common sense.

You can argue that there is no compulsion to drive a car like the XJ220 at illegal speeds. Of course there isn't. But to buy it, and use only one-third of its potential, is like ordering dinner in a Michelin three-star restaurant knowing you are going to eat only the paté, toy with the soup, and send all the other courses back to the kitchen, untouched.

The mere existence of 200 mph-plus cars provides a hostage to fortune. If a missed gear change and a few bent valves had the tabloids panting with excitement, just think what a high-speed accident involving an XJ220 would do.

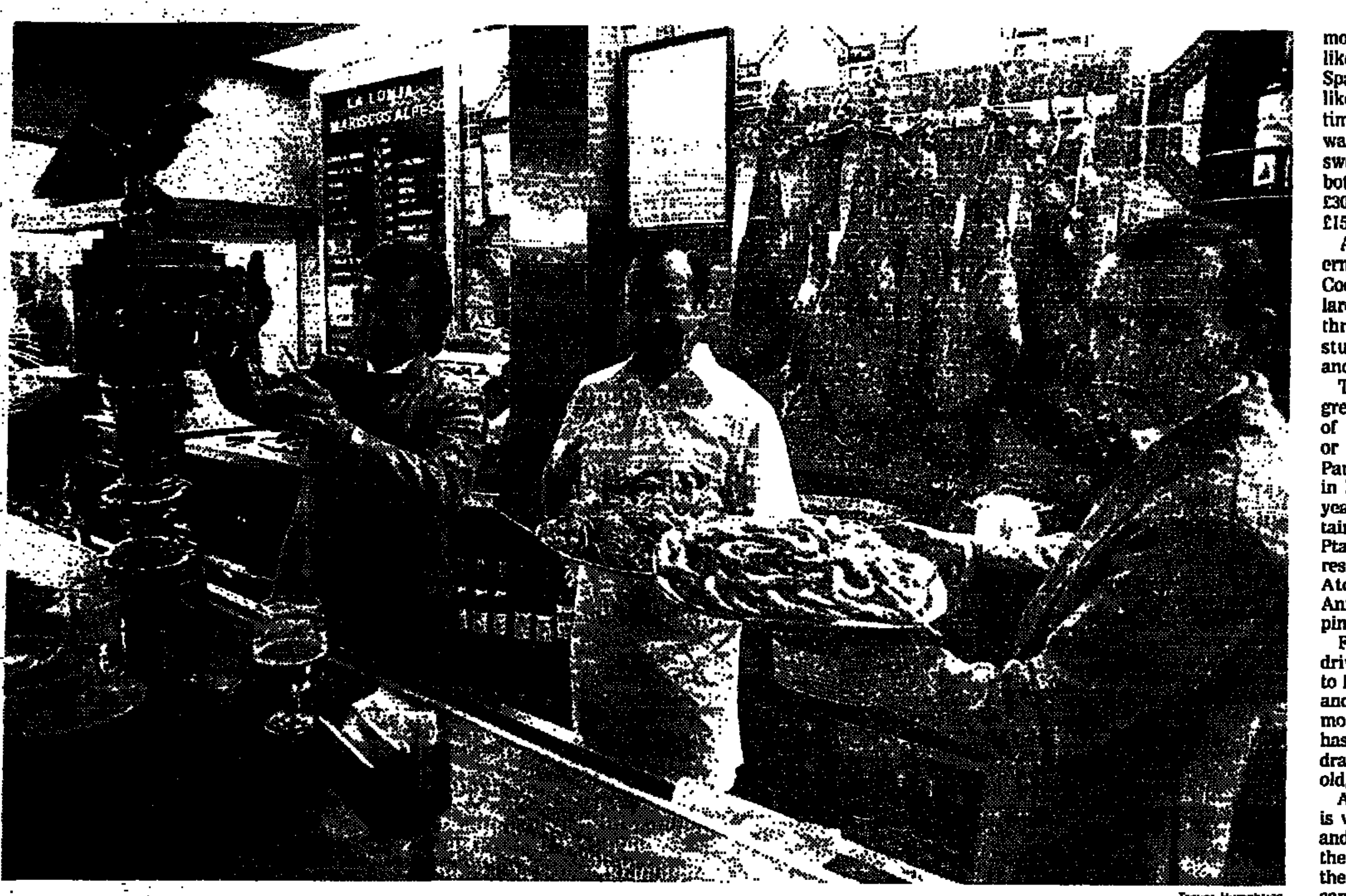
Isn't it time the motor industry grew up and stopped pretending the public highway is still a suitable place for rich exhibitionists to indulge their taste for conspicuous consumption?

هكذا من الأصل

HOW TO SPEND IT/GARDENING

Madrid: slinky, elegant, sexy, overpriced

Shopping or going out in Madrid is a big deal. For visitors it is an expensive city, mainly because the peseta is overvalued. But do not be frightened. The fish and lobsters at what must be some of Europe's best seafood restaurants are flown in daily from the coast. Clothes are expensive but quality has improved as foreign designers have rushed into town and the locals have responded with new clothes, or derivatives, of their own. Apart from two department store chains, male and female shopping in Spain are two distinct activities. Peter Bruce, FT correspondent in Madrid, and his wife, Anna Christensen, report.



What Madrid was built for: food and beer in a tapas bar/restaurant. The best tapas bars are along the Plaza Santa Ana

Trevor Humphries

SHE WRITES . . .

A KALEIDOSCOPE of colours tantalises the senses – shocking pink, azure blue, emerald green, glittering gold, Carmen red, each crinkly, slithery or sumptuously soft and designed for impact.

This was not the closing ceremony of the Barcelona Olympics. Instead, it was a shop of Spain's hottest designer, Roberto Verino. The clothes were dynamite, but I came out empty-handed. They were summer's left-overs and followed the route to which Spain has stuck with touching faithfulness: short, tight, slippery, slinky – sexy.

I was not raised for this. I was dressed in twin sets and pearls and sensible shoes. Yet, soon I am going to be really wicked and, when I do, I am going to a Spanish designer, probably Verino although there are others including Jesús del Pozo, Sybilla and Pedro del Hierro to choose from.

Happily, Spanish designers have aligned themselves more closely with the mainstream of international fashion this year. They are showing flights of fancy juxtaposed with impeccably-styled classics.

So, if I get cold feet and do not buy Verino's turquoise parka with ostrich feathers and balloon mini-skirt, I know I will be happy with his classic camel suit with double-breasted jacket and ankle-revealing straight pants and, perhaps, the long, flowing evening skirt in slate grey. Loewe, a must for leather and suede, offers a version of the classic twin set this year.

Before embarking on a shopping spree in Madrid, remember there are two stumbling blocks to overcome. Spending money *should* be pleasant, yet there is a dearth of friendly and helpful staff. If you happen to be female, the young women who serve you would rather bore holes through you than ask if you need another size. If you get this treatment, leave.

Second, Madrid is expensive and, normally, there are few bargains. Recently, I saw a Byblos dress I bought at a sale in London for £125 selling for the equivalent of £275.

Shopping in Madrid centres around Calle Serrano where, in fine weather, I enjoy watching well-clad Madrileños promenade. No one pops out in a track suit and few women even venture out in jeans. On Serrano I visit Max Mara, Loewe, Boutique Real and Adolfo Dominguez, a designer I favour for his clean lines and interesting fabrics.

Along the way, you will pass a dizzying array of shoe shops with reasonable prices. They still lag behind the Italians in quality but they cannot be beaten for fun seasonal wear. My favourites are Bravo and Los Pequeños Suizos, both of which offer quality, a wide selection of Spanish and imported styles, half sizes, and friendly and helpful staff.

I stay away from the antique shops in Calle Lagasca (they are overpriced and most of the furniture is English) but it is worth looking at the Duran shops along Serrano. For the best in Spanish furniture, antiques, lace and ceramics, go to Artespana, which has several shops. But beware: in an overpriced country, *their* prices really jar. There is one on Hermosilla, just up from Serrano and close to the beautiful shop of Spain's premier interior designer, Gaston y Daniela.

On Claudio Coello, parallel to Serrano, you will find Roberto Verino, Emporio Armani and Salvador Bachiller, whose classic leather travelling bags, handbags and shoe collection this year include fanciful zebra-stripe inlays. I buy my household linen at Linogar or No 47, where the woman will ask you in which of three weights you would like your white pique summer bedspread and whether it will cover the pillows or go under them.

Several rather fun antique shops are also on this street and Anmoder is worth looking at for its Art Noveau exterior, even though its inside is a bit of a let-down.

As you walk, you will pass cross-streets worth wandering down. One is Calle Jose Ortega y Gasset, which has Kenzo, Gianni Versace and a wonderful Spanish boutique, Tres Zetas.

At the Jardin de Serrano, stop in at Abascal for another eye-dazzling display of colours and textures. There, you may order a unique evening dress of the type that appears regularly in Spain's glossy gossip magazines (you need time for fittings, though). Agatha has a superb collection of (mostly French) costume jewellery. If you want the real thing, Bulgari will give you pause. Madrid's prestigious men's shop, Azul, is here but for real fun (of the expensive variety) go to the main shop on Serrano.

At some point, you will want to stroll along the Castellana to savour its grandness and splendour. You can take your pleasure outside in fine weather or in the lovely Art Noveau restaurant, El Espejo.

For a truly Spanish break, go to one of the many Mallorca shops (I like the one on Serrano), where you can enjoy coffee or chocolate, wine, cava and tapas. Many successful Spanish dinner parties come from behind those glass cases, as do gifts of ceramic or brass knick-knacks filled with sweets.

There are a few Spanish specialities I cannot live without. The gourmet olive oils, red peppers, cured Serrano ham, an almond cake called Tarta de Santiago, coffee Torrefacto-style, turron and Toledo-style marzipan: all make wonderful gifts if you can bear to give them away.

HE WRITES . . .

I GREW UP up in the sticks in South Africa and, before coming to Madrid four years ago, had lived only in London (where people wear track suits to impress each other) and Bonn (where shops close too early for anyone to buy things).

A pure-bred bumpkin, I mostly window-shop, but rapid improvements in my Spanish mean I will never again ask a shop assistant for a truck with extra long sleeves.

There is little point in buying suits in Spain – they are hideously expensive. On the other hand, this summer's sales have been incredible and a good man's shop, Blanco Blanco on Calle Marceliano Santamaria, next to the Real Madrid stadium, has a great blue cotton jacket from Hugo Boss in its window for about £30, with more tasty Boss gains inside.

Springfield, a few doors up, is more to my boring taste, though. I like faded clothes and Springfield (a Spanish company) makes me feel like an American adventurer every time I walk out of it with another washed denim shirt or faded grey sweat shirt. Prices now are at rock bottom; good jackets are going for £30 or so and sport shirts for about £15.

A much more expensive "western" feel is at Charro on Claudio Coello, where I bought a leather-collared cowpoke jacket for nearly £200 three years ago. They have great stuff – yellowing leather gloves and their own jeans.

The Spanish are discovering the great outdoors. I would buy a pair of soft leather Panama Jack boots or shoes if only they did not have Panama Jack written all over them in big letters. Instead, I settled last year for a 21-speed Peugeot mountain bike and a beagle puppy - Pta55,000 (£305) and Pta80,000 (£445) respectively from Calmera on Calle Atocha and Nuestros Amigos los Animales in the La Vaguada shopping mall.

For authentic Spanish furniture, drive about 100km north of Madrid to Pedraza, a small pueblo. The trip, and lunch at the local parador, are more than worth it and the town has five or six good shops. A three-drawer pine chest, about 80 years old, could cost £1,000.

As for eating and drinking (which is what Madrid was built for), beer and tapas are best at the bars along the Plaza Santa Ana, just up from the Palace Hotel. In summer, you can drink until sunrise at sidewalk bars along the Castellana, but they are so full it takes hours to get service.

Madrid has hundreds of good restaurants although I confine my expeditions to within a few minutes' walk of my office, just off the Calle Recoletos in the centre of town. Two doors away is El Borbollon; over the road is a magnificently-tiled El Espejo. Up the road, on the other side of Serrano, is Alkalde, for good fish. All of these would cost around £30 a head for lunch or dinner with wine.

Easily the very best place to eat in Madrid – and one of the cheapest in the whole country – is the Centro Cubano on Claudio Coello, a ramshackle haunt of Cuban exiles. Its fare is simple - lots of black beans, chicken and rice – but it goes down very well.

*Gardening: **Arthur Hellyer** goes to Essex to explore an unusual garden while **Robin Lane Fox** celebrates the glories of small trees*

The grass menagerie

IT SEEMS unlikely that there is any small garden in Britain, other than Thorpe Park Cottage at Thorpe-le-Soken, Essex, which grows more than 200 species and varieties of ornamental grass, sedge and rush. This is the achievement of Trevor Scott, a New Zealander who until recently worked as a medical researcher in a London hospital. He kept Thorpe Park Cottage as a weekend retreat and grew grasses and reeds as a hobby.

He was made redundant in 1990 and decided to turn his hobby into a living. He increased his already considerable collection through his many contacts, including the Royal Botanical Gardens, Kew, and began to advertise his specialities. It is early days yet but the business seems to be working out favourably.

I found his little garden most charming – and bewildering, because it contains so many plants I did not know. Thorpe Park Cottage is a genuine cottage, part of an old farm complex. The garden is planted in the true cottage manner, almost all the open space being given over to beds filled with a medley of herbaceous perennials, lilies, roses, a few annuals – and, of course, grasses which, in this profusion, look their most elegant.

There was the Australian feather grass, Stipa elegantissima, delicate in effect with narrow leaves and sprays of purplish flowers from June to September. Scott has produced an excellent catalogue which is strong on description and makes suggestions for associations between grasses and other plants. As companions for the Australian feather grass, he suggests campanulas and yellow anthemis.

I had not realised how many grasses have leaves that colour richly at some time of the year. One such is the yellow Indian grass, which Scott considers to be one of the most beautiful Australian species. It is quite tall and arches gracefully; the grey-green leaves are tipped with purple; and the drooping sprays of flowers are iridescent bronze with yellow anthers.

Both stems and leaves turn rich purple in autumn. At Thorpe Park Cottage, this grass was growing beside a deep ruby-red chrysanthemum which was yet to flower. Scott assured me that the grass would continue to flower until chrysanthemum time.

Then there was Panicum virgatum Rehbraun, more than 3 ft high with red-tipped leaves and ample sprays of flowers which start greenish-brown but in autumn change to rich purple and yellow. Scott says it looks stunning planted with Rose Iceberg.

Melissa altissima atropurpurea has quite short leaves but tall flowering stems that are up to 6 ft high carrying narrow, one-sided spikes of deep purple flowers. It looked wonderful growing through some blue annual larkspurs.

Completely different is evergreen Ampelodesmos mauri tanicus, which makes big, dense clumps of arching leaves which retain their lustrous green throughout the winter. Its flowers, which come in May, are buff and nothing special; but as an architectural foliage plant, this is unsurpassed. Different again is the mosquito grass, Bouteloua gracilas, a very fine-leaved grass which, in spite of its delicate appearance, is drought-resistant. Scott recommends planting it with alpines or as a contrast to small growing shrubs.

There were three varieties of the feather reed grass, Cala magrostis acutiflora, which I admired greatly. The tallest, a good 6½ ft tall, is called Stricta and was standing bolt upright among some of the tallest plants in the garden. The flowers, carried in slender spikes, start green but turn rosy buff. Two other forms of this grass are Karl Foerster, with brown flowers and leaves that turn yellow in autumn and retain this colour in winter, and Overdam, which has leaves striped with green and white and flushed with purple.

The blood grass is well named for its leaves are green at the base and rich red at the ends, remaining so all summer. Scott says it needs moisture-retentive soil and some sun to be at its best. He recommends planting it in groups or as ground cover, preferably where the sun will shine through it, for it lights up brilliantly.

■ *The cottage is open only by appointment. Mail order catalogue available from Thorpe Park Cottage, Thorpe-le-Soken, Essex CO16 1HN.*

Sorbus sets the pace but beware of blight

LAST weekend, I stood in the far corner of the marvellous garden at Kiftsgate Court and found myself, in mid-August, surrounded already by trees in berry. The chill of autumn might be creeping into the late evenings but surely it should have kept its nose out of our trees' behaviour.

The fruits on Apricot Lady were looking moderately apricot; around her, two Chinese dignitaries were about to reach their peak. The grey-green leaves of the wild sorbus from Hupeh were already set with white berries; beyond it, a sorbus from Yunnan was covered in fruits with a greyish-pink flush.

Like so much else, these sorbus trees have been in a hurry, but they have also revelled in this warm and wet summer. The most hurried variety is actually not so far ahead of itself. In front gardens and on the islands in motorways, you will find trees of the mountain rowan bent heavily with red berries. Even the birds cannot strip them so soon: sorbus aucuparia is having a field day, the first tree to show berries among the usual range of English garden planting.

In normal years the berries appear by late August, an early intimation of autumn like the sudden sharp scent on phloxes or the sight of a dahlia sodden with dew. I am extremely fond of this tree but there are better cousins further east, as I continue to discover.

This year, my personal best is sorbus hupehensis, a wonderfully easy tree which has taken a shine to my horribly stony soil. In the dry weather of 1991 its neatly-cut, grey-flushed leaves drooped and looked miserable. In 1992 it flowered stupendously early in June, proving that it has a scent which books ignore, perhaps because it is decidedly masculine.

Already, it has grown madly two years after planting, and I would recommend it to anyone who wants leaves, berries and a robust elegance to a height of 20 ft. My trees are set for exceptional berrying, but they have received no attention from me except for the usual coulis of pig manure when they first went into position. Sorbus hupehensis is a winner.

So are its other Far Eastern cousins, vilmorinii and the mildly-obstinate cashmiriana. The latter, I think, dislikes dry gardens but it is a dream in others when contented, a tree which can be contained at 10 ft or so and admired for a lovely leaf and its large white berries.

Vilmorinii is much easier, and, if anything, its fern-shaped leaves are prettier. In a small garden, it has every quality: good leaf, suitable habit, pink-white fruit and a vibrant autumn colour. Although it is not a tree to block out neighbours, it is worth anybody's space.

Most of my sorbuses have come from Landford Trees at Landford Lodge, Landford, Salisbury, Wiltshire. It even lists the most brilliant autuman sorbus of all, the large-leaved sargentiana, which has lovely buds in spring, like a horse chestnut, and the most wonderful orange flare in mid-November. It grows slowly but is an outstanding variety for anyone with patience and a stable life.

At a much lower height – a mere 5 ft if you clip it – sorbus koehneana is a newish variety from the same supplier. Its small leaves are cut thinly and are slightly on the grey side of green, while the berries are white. The effect of this small tree is well-suited as an emphatic point for a border or, in my garden, the centre of a bed of old-fashioned roses.

If you want to see young sorbuses competing with turf in fairly hostile conditions, the place to go is the arboretum at Jodrell Bank, Cheshire. Early in the 1980s, a collection of the best forms was planted there and, if you are serious about the sorbus, a visit is highly advisable. It will teach you to avoid the dull thuringiaca and to think twice about the curious pink trunk of beissneri. I am also very taken with the prettily-cut green leaves on the recent Chinese Lace, another Landford offering.

During the next two months, sorbuses are presenting themselves in full beauty, and the many of you who want smallish trees with as many seasons as possible could not do better than to size them up.

Until the mid-1980s, I rated Joseph Rock as one of the best of the bunch. It seemed ideal for smallish sites, but a terror has stolen up on it, moving east from Somerset up the line of the M5 motorway.

Joseph Rock is prone to the disease of fire blight, which enters through damaged bark in winter. It is a total killer and can even transfer to prunus or rose bushes.

I intend to brazen it out and take the greatest care not to prune my Joseph Rock before winter, nor to leave any broken wood on the tree after the main season. Experts insist that we should not choose it as our main garden variety but I cannot bring myself to remove it. You must be warned, though, that the best of the easier small sorbuses is now potentially blighted.

PROPERTY

Empty flats on Millionaires' Row

***Michael Hanson** looks at the sluggish market for multi-million-pound properties in London's Kensington and Chelsea*

Inside Hill Lodge: Lord and Lady Glenconner's lodge is set in its own grounds in Campden Hill, Holland Park. It went on the market at £6m but is now at £4.75m

NOT A single apartment has yet been sold in London's most expensive block of flats: the discreetly named 3a Palace Green in Kensington Palace Gardens. This private road, known locally as Millionaires' Row, has the London homes of the Sultan of Brunei and King Fahd of Saudi Arabia, as well as several embassies and ambassadors' residences.

Five years ago, when Regalian Properties bought less than an acre of the former Kensington Barracks site from the Crown Estate for an astonishing £21.5m, Prince Charles expressed his displeasure at the prospect of his home at Kensington Palace being overlooked, so Regalian agreed to lower the height of its block – not by taking it off the top but by excavating the foundations another 18 inches.

Since the development was completed last year, these air-conditioned apartments with their elaborate services and security systems have attracted interest from around the world, but billionaires have resisted Regalian's prices, which ranged from £2m to an unheard-of £13.5m for the triplex penthouse on the seventh, eighth and ninth floors, decorated by David Hicks, with £1m of contents included.

Now Regalian has instructed its agents Savills (071-499-8644), Hamptons (071-493-8222) and Sotheby's International Realty (071-408-5196) to cut the prices of the 20 unsold apartments by as much as 50 per cent, so that they range from £1.1m to £10m. But Regalian's chairman, David Goldstone, makes no secret of the fact that he would rather sell the whole development outright to a single investor.

"An American saw the apartments last year and again this summer," he says. "He said he would like to buy one, but he had a problem: if Regalian went under, what would happen to the management? Now he says he is interested in buying the whole block, and he is a man of considerable wealth."

A year ago, the price for the whole of 3a Palace Green was £120m. Now it is only £65m – which is still enough to pay off the group's borrowings. Lack of sales have forced Regalian's share price down so much this year that the group is worth less than £6m.

Next to 3a Palace Green is York House, a block of Edwardian mansion flats recently restored and modernised by a private property company, Taylor Clark. Two new penthouses added on the top floor were sold last year in shell form to a single buyer for about £8m. One modernised four-bedroom apartment on the sixth floor has just been sold for nearly £1m, and another is for sale at £975,000 by Knight Frank & Rutley (071-938-4311), which is joint agent with Mellersh & Harding (071-499-0866) and Cluttons (071-408-1010).

Some of Kensington's largest and most expensive houses are in the Holland Park area, where a fully-restored ten-bedroom house with an indoor pool was recently sold for about £5m. A few doors away, Aylesford (071-351-2383) has a similar but unrenovated house for sale at £2.7m. Knight Frank & Rutley, who recently sold a newly-built six-bedroom house in Cottesmore Gardens for more than £2.5m to American Airlines for its new chairman, say that the price of 31 Phillimore Gardens, a ten-bedroom house formerly occupied by the Libyan ambassador, has been cut from £2.95m to £2m. Best Gapp (071-730-9253) is the joint agent for this property, which needs total refurbishment.

Another large house in Upper Phillimore Gardens is for sale at £3.25m through W A Ellis (071-581-7654) and Knight Frank & Rutley, while a renovated house in Phillimore Place is for sale at £1.65m through Knight Frank & Rutley and Russell Simpson (071-225-0277).

Knight Frank & Rutley's Sloane Street office (071-824-8171) is seeking offers of £5m for the only detached double-fronted house in the Boltons, an enclave of large houses in south west Kensington, where Beauchamp Estates (071-499-7722) has a slightly smaller house for sale at £3.5m. Both properties have been restored and modernised.

Houses in Chelsea are generally smaller than those in Kensington, but not necessarily cheaper. One of the Grade II listed Georgian terraced houses in Cheyne Walk (similar to that bought two years ago by Ivana Trump for about £2m) is for sale at £1.95m by Strutt & Parker (071-235-9959).

Kevin Maxwell's house at 31 Jubilee Place, off the King's Road, attracted little interest at £1.65m, but when the price was reduced to £1,425,000 in June it found a buyer through Aylesford at what it says is "an acceptable figure." The double-fronted three-storey house has six bedrooms, three reception rooms, a secluded garden and a garage.

Overseas investors have paid more than £2m for the seven apartments in Atlantic Court, a new residential development at 77 King's Road, Chelsea. These unidentified clients of Lassmans (071-499-3434) then furnished the seven apartments above the shops and let them to show a rental return of 8 per cent. Behind Atlantic Court is an award-winning scheme of 51 new houses known as Charles II Place. When its developers, Harry Neal, went into receivership in 1990, only 12 houses had been sold. Michael Jordan and Robin Addy of Cork Gully found Singapore investors willing to pay more than £14m for the unsold development. These were Parkway Holdings and the Singapore Warehouse Company, who formed a joint-venture company, Validhill, which is selling the remaining 39 houses through Savills (071-730-0822) and Allsop (071-584-6106) from £360,000 to £625,000.

Another development that is proving attractive to overseas investors is Kensington Green, the joint-venture between Taylor Woodrow's Capital and Mitsui Kensetu (UK) to redevelop St Mary Abbot's Hospital in Marloes Road. An Italian industrialist has just paid nearly £1m for one of the largest houses in the development. Christopher Roupell, of the Kensington office of Winkworth (071-373-5052), who acted for the Italian buyer, says: "Now that a change in the exchange control regulations has enabled Italians to take out money from the country legally, the marketing for Kensington Green has been very much aimed at the Italian market, and this appears to have paid off."

One of Kensington's finest houses failed to attract a buyer when it was placed on the market in the Spring at £6m. Lord and Lady Glenconner's Hill Lodge, one of only two large houses (the other is Aubrey Lodge) set in their own large grounds on the top of Campden Hill, has had its price cut to £4.75m by Aylesford.

The most expensive residential property sold this year has gone to a British buyer. Crosby Hall, the international hall of residence in Cheyne Walk owned by the British Federation of University Women, has been bought by Christopher Moran, the former insurance broker who was expelled from Lloyd's ten years ago. Crosby Hall contains a 16th-century banqueting hall that was originally part of Sir John Crosby's remarkable house in Bishopsgate. This was dismantled and re-erected in Chelsea in 1910, and a four-storey hall of residence and administrative offices were built alongside.

Moran says he intends to spend £25m converting Crosby Hall into his London home, but what he paid for the complex of offices and hall of residence is not known, because the property was not on the open market.

"I cannot discuss the sale in any way at all," says Val Considine, company secretary of Crosby Hall Limited, a subsidiary of BFUW that has been a private company with charitable status since 1971. However, she does say that the Charity Commissioners have approved the sale. It is not yet known how the BFUW founded in 1907 will replace its hall of residence for 90 students who come to Britain from all over the world to follow a recognised postgraduate course.

MOUNTAINEERING/GOLF

Rivals join forces on 'infinity ridge'

BRITISH mountaineers are billing it the battle of the Himalaya. Doug Scott — legendary climber and the first Briton to ascend Everest — versus Alan Hinkes, a young thruster with a mission to become as famous as possible as fast as possible.

There are just 14 peaks over 8,000 metres (26,000ft) in the world and the ascent of these giants is viewed by many as the ultimate achievement for a mountaineer.

The race between the Italian Rheinhold Messner and the Pole Jerzy Kukuczka to be first to complete them all held the climbing world spellbound until Messner was first over the top in 1986. So far they are the only two to have climbed all of them.

Hinkes equalled Scott's record of four 8,000m peaks last year when he guided a Venezuelan to the top of Broad Peak in the Pakistani Himalaya by the normal route. He does little to disguise his intention of trying to bag as many more as he can with the aim of proclaiming himself Britain's "*top*" mountaineer.

But for Scott, a man more concerned with climbing hard new routes on mountains of any height with a group of friends, it is a race that will never be. At 50 he has succeeded on more original routes in the world's great ranges than perhaps any Briton, and is uninterested in a game of numbers.

To scotch any suggestion of joining such a race, he has been quick to invite Alan Hinkes on his own expedition this month to Nanga Parbat, at 8,150m the world's ninth highest mountain. The attempt via the unclimbed eight-mile-long Mazeno ridge is the most ambitious British climb anywhere this year.

For Hinkes — without an expedition this season after Andy Fanshawe, his partner for K2 (the world's second-highest peak), was killed in an accident earlier this year — the offer proved irresistible.

"I looked at the route. I asked what was I letting myself in for with Doug... but he has lasted so long, he doesn't want to die... I said Yes," says Hinkes.

Located in the Karakoram mountains of northern Pakistan, and bounded to the north and west by the Indus, Nanga Parbat ("*naked mountain*" in Sanskrit) stands in splendid isolation as the dazzling culmination of the western half of the Himalaya.

Looking to the summit from Scott's base camp in the Rupal valley, it rises almost sheer for close on 5,000m. Many say it is the most beautiful of the big Himalayan peaks, but it is famous for savage storms and big avalanches, the mountaineer's two worst enemies.

So far, the weather has been kind. Hinkes and Scott have spent a month acclimatising, getting fit, and making a recce of the routes up and down. Now, with their unusual but highly experienced team of two Russians, two Nepalis and a British film cameraman (between them they have climbed 14 8,000m peaks), they are setting off for the Mazeno col to start the climb proper.

***Richard Cowper** reports on an audacious assault on Nanga Parbat*

At a time when most Himalayan climbers are obsessed with attempting the steepest *faces*, the Mazeno ridge sounds like a return to more traditional mountaineering: all the great Alpine and Himalayan mountains were first conquered via ridges.

However, what makes this climb unique and highly dangerous is its unusual length and sustained height. At least eight miles as the crow flies (no one really knows), the route follows the world's longest unclimbed ridge.

From the Mazeno col, Scott's party will traverse a knife-edge ridge loaded with dangerous cornices and ascend and descend at least seven mountains, most of them over 7,000m, to the Mazeno gap. All this before the final gruelling ascent in the so-called "death zone" above 8,000 metres to the summit pyramid of Nanga Parbat at 8,150m. It is hardly surprising that some mountaineers are calling it "infinity ridge".

In comparison, the unclimbed and much coveted north-east ridge of Everest is 4¼ miles, little more than half the length of the Mazeno. Even so, Everest's north-east ridge has long been regarded as the most awesome Himalayan proposition because of the distance climbers have to travel at a height where the body functions at less than 30 per cent of normal capabilities.

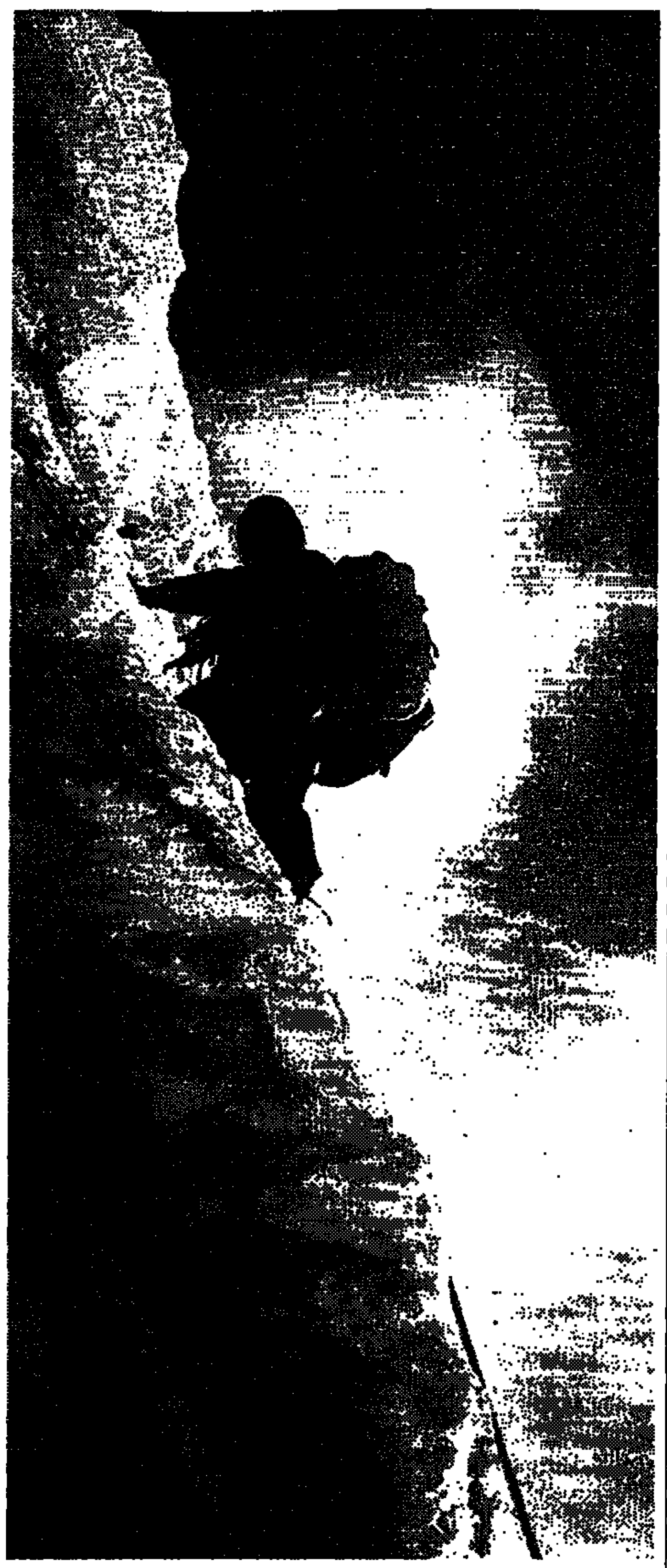
The difficulties of the Mazeno ridge have kept all but one team away, and that by chance. In 1979 a group of 22 of France's top climbers, led by Jean Pierre Frésafond, were planning a new route on the Rupal face of Nanga Parbat, but an earthquake denied them the opportunity. At the last minute they shifted their efforts to the Mazeno ridge. The climb ended in disarray after only the first of the Mazeno peaks had been scaled.

Says Hinkes: "I think it is more committing than any route I know. If you get trapped in a blizzard on the Mazeno ridge no helicopter can fly that high. There is no easy way off. Both sides are precipitous. If you got sick in a storm it would quickly become a matter of life and death. You either have to go on or back. And if you are halfway along that's four miles at an altitude where every step requires a tremendous effort."

Nanga Parbat has often been cruel. Over the last century only 101 climbers have reached its summit and 55 lost their lives trying, making it the most dangerous mountain in the world after Annapurna. Most famous of all was the great British mountaineer A F Mummery, who died trying to scale its Diamir face in 1895 in a climb widely regarded as decades ahead of its time.

It was only last year that the first Britons — Roger Mears and Dave Walsh — reached its summit. But Scott's attempt is of a different order. If successful it will go down not only as the greatest British triumph on what has been regarded as *the* Austro-German mountain, but the most audacious achievement in the Himalaya for many years.

Both Hinkes and Scott will then have five 8,000m peaks to their credit. For Scott, four of them will have been conquered via new routes. At 37, there seems little doubt that Hinkes will eventually come out on top of any British Himalayan league table. But success on the Mazeno ridge might make him think harder about how he does it.



Getting to grips: British climbing ace Doug Scott

It's time to quit, Jack

IT WAS sad to watch Jack Nicklaus trudging up the 18th fairway in the second round of the US PGA championship in St Louis. Shoulders hunched slightly, head forward, plucking at the front of his shirt in that distinctive way of his, he raised his right arm to acknowledge the applause of his supporters.

But he had missed the cut — the guillotine that falls after 36 holes to halve the number of competitors. It meant that, for the first time, he had bowed out at the halfway stage in three of a season's four major championships. He looked a shadow of the golfer he was. It was one major tournament too many.

It was not unexpected, though. One reporter wrote off Nicklaus nearly 15 years ago. When taxed about it, he replied, blithely: "I was right. I just beat the embargo, that's all."

After his stunning victory in the 1986 US Masters, Nicklaus himself said: "If I was smart, I would stop now. The trouble is, I am not smart."

So he played on. The man relished the thrill of winning a major title at the age of 46. But that was the moment he should have called it a day. He should have said then that he no longer considered himself competitive and was going to concentrate on preparing for the seniors' tour, for which he became eligible in 1990, as well as on his family and his golf course design business.

It is hard to know when to stop. Golf makes relatively few physical demands but it does require a high degree of competitiveness. Nicklaus no longer has that; nor can he devote the time required to achieve it.

Arnold Palmer did not know when to stop. He played in the PGA in St Louis as well, looking — frankly — an old man. But then, he is 62 and has a hearing aid in each ear.

His 83 was his worst round in any of the 35 consecutive PGA championships in which he has competed since the late 1950s. After two rounds, Palmer was 20 over par.

Even now, Nicklaus on a golf course is a far more acceptable sporting sight than was boxer Muhammad Ali at the end as he struggled towards one more big pay-day; or Bjorn Borg, imagining he could make a comeback in the tennis big-time. But even Nicklaus is mortal. He cannot see very far. He hardly practises. He plays rarely.

Besides, by devoting almost all his time to his business interests he has, effectively, announced his retirement. Two years ago, he admitted as much as a black limousine sped through the Scottish dusk, whisking him from one of his golf courses to another.

"I have got 73 courses in play around the world," he told me then. "I have more than 200 employees I am responsible for. I cannot carry on much longer playing golf, being a father and doing all this. I have to decide."

I want to remember Nicklaus as the thrilling player he was: one of the longest, straightest hitters the game has seen; a man meticulous in his attention to detail; and one who not only won 20 major titles but came second in 19 more, including seven Opens.

***John Hopkins** on the terminal decline of a sporting legend*

His arrival in the game was startling. He stood a hair less than 6 ft and weighed 15½ stone. As a result, he was nicknamed Blob-O.

He had a high-pitched voice and a crew-cut and hit the ball great distances — as long as John Daly now. He was a wonderful putter. As an amateur in the 1960 US Open, Nicklaus led after 66 holes before being overtaken by Palmer.

It was the start of a career that has been unmatched. No one else has played so well for so long — not Harry Vardon at the turn of the century, Bobby Jones in the 1920s, Ben Hogan, Sam Snead or Palmer. Frankly, I doubt if anyone will ever play as well for so long, and I am sure no one will ever get close to matching his record.

The Open championship next year is to be held at Royal St George's, Sandwich, Kent. Nicklaus dislikes this course more than any other of those that make up the roster of Open venues. It could be a good one for him to miss. Farewell, Jack. Spare us further embarrassment.

A working-class hero who found himself revolted

***Anthony Curtis** on the latest in the renaissance of George Gissing, champion of the poor*

IT WOULD be sad if George Gissing, who spent much of his time writing novels about – and experiencing – poverty, were to be priced out of the range of the common reader, that self-educating reader whose needs were so dear to his heart. During the so-called Gissing Renaissance, which began in the early 1970s and lasted well into the 1980s, it looked as if we were to have two complete editions of his works to choose from: a scholarly one, from John Spiers's Harvester Press in Sussex, and a "popular" paperback one from Carmen Callil's rejuvenated Hogarth Press. Any Gissingite who bought either of those editions when they came out was shrewd, because both are now out of print.

Whereas the Harvester Gissing volumes cost on average £8.50 (for an originally three-volume novel bound as one), the latest hardback Gissing reissue from Ryburn costs more than three times as much. This is for a solidly bound re-setting of the text, not a facsimile of one of the old editions, but, even so, £30 seems excessive. Meanwhile, World's Classics has brought out *The Nether World*, an important early work set among the London poor in Victorian times. It is good to see the Gissing flag flying still in paperback, but again it seems to me overpriced, almost £6 for an edition on nasty paper with a greyish type hard on the eyes.

If the pricing of Gissing's fiction is suffering from an inflationary spiral against the national trend, this prohibitive cost is even more severe in the case of the much-to-be-desired *Collected Letters of George Gissing*. *Volume One 1863-1880* appeared in 1990 from the Ohio University Press as part of a project to produce one volume a year, the whole to end with Gissing's death in 1903, and eventually making eight or nine volumes. *Volume Two 1881-1885* came out last year and *Volume Three 1886-1888* has just appeared.(Volume One now costs £53.75, and Volumes Two and Three £60.10 each.)

Gissing's father Thomas first inculcated in George a love of literature. He used to read from Dickens and Tennyson to the whole family after lunch on Sundays. Tom Gissing was a hard-working chemist in Wakefield. George and his two brothers and two sisters were brought up over their father's shop until Tom died suddenly and they had to move, but luckily it did not disrupt their schooling. George proved to be an outstandingly clever boy who won many academic prizes. As he grew up, his able mind and abnormal power of application accompanied an acute social conscience. He was much concerned by the plight of the urban poor as he moved among the lowest levels of society in Manchester and London.

THE NETHER WORLD
by George Gissing
Oxford (World's Classic) £5.99. 404 pages

NEW GRUB STREET
by George Gissing
Ryburn (Hunter & Foulis, Edinburgh EH7 4NP) £30. 439 pages

But when Gissing matured as a professional novelist and discovered the insolubility of the problem of poverty, and at the same time became acquainted with the kind of people who suffered it, he underwent a violent revulsion against the poor. Around 1890 he found his material in the rising middle class and sought a refuge from life's ills in the world of literary and classical culture.

The nature of the retreat made by Gissing is described in the semi-fictional, semi-autobiographical *The Private Papers of Henry Ryecroft* (1903). By contrast *The Nether World* (1889) represents the lowest depths of Gissing's immersion in outcast London. It is – as Stephen Gill, who introduces this edition, admits – a depressing novel, but a powerful one, a dispassionate depiction of sordid living conditions, crookedness, cruelty, vain hopes and degradation. It differs from the works of Dickens and George Eliot in that there is no benevolent alternative, no ultimate salvation suggested.

Gissing's private salvation was simply to write and write and write. No sacrifice of his physical and mental health, material well-being, emotional contentment, family responsibilities, leisure and social life was too great for him to make in pursuit of his great goal. That was to gain an established literary reputation and the respect of his peers. Gissing had certainly won that reputation for himself by the time he died aged 46 – but at what a cost! That he did what he did with his eyes open, and was fully aware of the cost, is borne out by a reading of *New Grub Street* (1891).

As John Halperin, Gissing's most recent biographer, puts it in his introduction to this edition: "*New Grub Street* is perhaps the greatest novel ever written about the collision of the creative impulse with material circumstances." In it, Gissing's fearsome uphill struggle is parcelled out among the various characters, all of them writers. They are observed with savage humour slaving away at their manuscripts in the Reading Room of the British Museum, swapping experiences under the shadow of the great dome.

However fully Gissing may have fictionalised his early experience, no understanding of it is complete without reference to his letters, many of them written to his brothers and sisters. The American and French editors of the collected edition, Paul F. Mattheisen, Arthur C. Young and Pierre Coustillas, are currently doing a splendid job in preparing what will certainly become the basis for all future biographies. It was necessary not only because of the accumulation of unpublished Gissing letters in the US, but also because the ones that were previously published in 1927 were horribly mangled and censored by the members of his family anxious to conceal Gissing's criminal lapse while a student at Owens College and his subsequent marriage to a young Manchester prostitute.

Unfortunately, nothing that sheds any new light on this hidden period of Gissing's life emerges. There are no letters referring to his trial for theft of money from the students' locker-room nor to his harsh sentence (he was given one month's hard labour which he served in full). There are, though, some letters that refer to Nell, the street-walker who was the cause of it all. The editors print a couple of letters to Gissing from a fellow student. He appears to have been a lusty fellow who had paid for Nell's favours and made a joke of it to Gissing. In the letters he apologises to him for his coarseness and ribaldry, saying he did not realise how seriously Gissing was involved with her.

Another sequence comes from Gissing's brother William, a music scholar suffering from the consumption which soon would kill him. Polite conventional phrases like "I am sorry to hear your wife is unwell" sound ironic when one reads them in the light of Nell's demise a few years later. Her death was caused by a combination of starvation, venereal disease, bronchitis and alcoholism. Gissing's doomed crusade to redeem her had wrecked his youth; now the injustice of her life would spur on his writing about the state of the nation.

***The Gissing Journal* containing fresh appraisals and the latest scholarship is published quarterly by the Gissing Trust at £8 a year to private subscribers. Copies from Ros Stinton, 7 Town Lane, Idle, Bradford BD10 8PR, a bookseller who specialises in Gissing's works and related material.**

Married in the eyes of God alone

***J.H. Plumb** on gripping tales*

LAWRENCE Stone is a grandmaster of the historical profession. He is learned and creative, often seeing (and exhausting) new strategies, and with equal dexterity pounces on old openings to enrich his game.

Cliometrics – depth given to historical scholarship by the use of a computer – was brilliantly used in his work on *The University in Society*. He was quick, too, to realise that, in a world dominated by a class without ancestors, social history was bound to proliferate, and his contribution has been very considerable, if rarely without criticism.

Yet he knows the importance of narrative, indeed has begged for its revival. And he has withstood radical chic nonsense such as the fashionable (but fortunately minority) view that the Civil War in England was nothing more than the last hiccup of the War of the Roses when power mattered and belief did not. But who would have thought that Professor Stone would write a brilliant bedside book – rather like Nigel Short taking to draughts?

When he and his research assistants were working on his monumental *Road to Divorce, 1570-1875*, they unearthed real-life stories that had been long banished to the attics of history, yet were of gripping human interest. Most of the stories of clandestine marriages vanished after the judgment of the ecclesiastical courts or the litigants gave up. Nevertheless the evidence, false or true, remained in thousands of documents rarely, if ever, consulted.

This volume (and we are promised more) deals solely with clandestine marriage; which, if legal, meant that the woman could claim support and the man all of his wife's property if she had any. Money (and of course status) entangled with lust and greed was a heady mixture, ripe for creating disaster.

Secret marriages were very easy to obtain. An open marriage with banns, certificate, church ceremony and subsequent feast was expensive even for craftsmen, let alone for the poor and the riff-raff of society, so many did not bother to marry except "in the eye of God", especially in the ever-changing working population of London. If they did, many preferred to cut costs.

They could get a parson, imprisoned for debt in the Fleet, or find some destitute curate to read the marriage service and sign a certificate: they cost little, and witnesses even less.

The majority of Fleet marriages were of thoroughly ordinary young couples (often the men were sailors, soldiers or labourers). No doubt the system bred laxity – registers were ill kept, parsons and witnesses vanished.

Naturally there were golden opportunities here for the dishonest, the brutal, the men and women of guile, for those who knew how to exploit two of the deeper passions of mankind, greed and love. Here human nature in the raw unfolds, a fantastic panorama, as case follows case, some almost unbelievable, all compulsive reading.

Take Rudd v Rudd. It has everything in three pages. An overheated 16-year-old adolescent but also a baronet, Sir John Rudd, fell hopelessly in love with the servant of the family of a friend at school (socially speaking hardly anything lower could be imagined); in return for sex he offered marriage and she took it. Under age, it had to be clandestine. The scandal broke and he was banished by an irate mother to Utrecht.

UNCERTAIN UNIONS: MARRIAGE IN ENGLAND 1660-1753
by Lawrence Stone
Oxford £25, 296 pages

For five years the Rudds brooded on what to do. Sir John, they decided, must die – at least officially. Lady Rudd announced his death in the South Wales press, his brother became a baronet, and Lettice, far too poor even to sue for maintenance, felt free to marry (and did).

A life of poverty followed, so abject that she had to rent out the extra bed in the room in which she and her husband slept at 6p a week. As in a Fielding novel, chance brought her a Welshwoman as lodger who knew Lady Rudd. She went at once to her ladyship, sold her information for £5.

Bigamy! The Rudds were delighted and a writ followed. Lettice of course, was utterly ruined. Her misery ended five years later with a private Act of Parliament that finally wiped out the consequences of a 16-year-old's act of folly.

This tale of bribery, corruption, buying of witnesses and endless subterfuge is typical of the stories in this book – none of them takes more than a quarter of an hour to read. They are all gripping, like stories in the *News of the World*, sordid, salacious, very human, sometimes hilarious, but mainly sad.

Who would have thought that Lawrence Stone would publish a superb bedside book of Real Life Stories? I cannot think of a better holiday read.

Fiction

Storm clouds over Europe

IT rained a lot in Lisbon in 1936, if *The Year of the Death of Ricardo Reis* is to be believed. Or perhaps it is the pathetic fallacy at work, a weather of the spirit that seems to affect externals: gloom not just in the air but of the heart.

When Ricardo Reis from Rio docks in Lisbon on the Highland Brigade, a famous Portuguese poet has just died. So, at about the same time in England, have Kipling and George V. Though local in ambience, the book's range is international. Clinging like a small limpet to the edge of Europe, Portugal, already in the grip of a long dictatorship, watches fascism in the ascendant – Mussolini conquering Abyssinia, Hitler flexing his muscles, Spain erupting into civil war. When a sailor is killed in an attempted mutiny, he seems to embody everything about the humble, underlying decency of resistance.

Reis has made the young man's sister pregnant – a maid at the hotel he stayed in on first landing. Is this a further exploitation of the humble? What will happen to her, to him, to the ghost of the dead poet who haunts him? Behind them, Lisbon looms, a powerful presence, attractive and menacing, riddled with often friendly-seeming spies and grand, chattering refugees from the Spanish fighting.

The poetic ghost stalks the streets and cafés, his relations with Reis too complicated to explain, fact and fiction interwoven, imagery and stylistic modes that recall Borges used to quirky effect. The translation by Giovanni Pontiero of what must have been a nightmare to translate (weird punctuation, curious syntax) reads well, and the whole sombre enigmatic tale gives a sense not of spiritual portentousness but of importance.

It does *Separate Rooms* no service to call it, as James Kirkup does, "a homosexual *Romeo and Juliet*". As the title implies, it is not a story of love, fulfilled or tragic, but is about being apart rather than being together, about homosexual life rather than strictly homosexual love.

THE YEAR OF THE DEATH OF RICARDO REIS
by José Saramago
Harvill £14.99, 358 pages

SEPARATE ROOMS
by Pier Vittorio Tondelli
Serpent's Tail £8.99, 186 pages

THE TROUBLESOME OFFSPRING OF CARDINAL GUZMAN
by Louis de Bernières
Secker & Warburg £14.99, 388 pages

Leo wants a lifetime of committed separation with (and without) Thomas: summers travelling together and faithful winters working far apart. Thomas a musician in Germany, Leo a writer in Italy. He needs space, his own territory, time and peace for his own thoughts: domesticity and homosexual marriage are the last things he seeks. But Thomas, in the lonely winter apart, finds a girl and finally dies of some terrible unnamed illness (to make it the more poignant, Tondelli himself, the author, died of Aids eight months ago).

The lifestyle of a homosexual in present-day Europe is shown in an atmosphere of cosmopolitan greyness, of brooding bad weather not unlike that of Saramago's Lisbon; in both cases, one feels the determined downbeat glumness of Latins who dislike their reputation for sunshine and exuberance. Again, the translation (by Simon Pleasence) reads well. Tondelli's was a meticulous talent, precise and particular, his writing full of nicely observed detail and an almost microscopic view of everyday things and feelings. He showed homosexual life not as a seedy underworld, but as a simple alternative to the bourgeois provincial life of his parents and background; yet one in which homosexual partners had no rights, even on a deathbed being allowed only five minutes of farewell.

In a week of foreign fiction, *The Troublesome Offspring of Cardinal Guzman* is an oddity, being set in South America but written in English by Louis de Bernières who, from the note about him on the jacket, sounds British; or anyway, not Hispanic. Since Colombia is his base, the fictional state he writes about is as corrupt and high-coloured, as full of churchmen, whores, terrorists, peasants, drugs, tortures, demons and ebullient beauties as might be expected.

And very amusing, as well as stomach-turning, much of it is, savagely indicting every institution, political or ecclesiastical, sparing no feelings, trampling on all complacency, shocking one by describing physical and moral horrors which, if taken to heart, should surely tear that heart out. But it is hard to take it seriously. It seems too much like a spoof of every fashionable Latin American novel, a carnival of pain and pleasure, violence, tenderness, high jinks of every sexual sort, quaint customs and quainter jokes. I wish I knew if it was all a big tease and whether the author, whose third South American novel this is, had simply hit on a long-running Latin soap.

Isabel Quigly

Third World literature exploded

SOME years ago, the literary theorist and Urdu poet Aijaz Ahmad engaged in a celebrated controversy with the American critic Frederic Jameson over "Third World Literature".

Jameson had eloquently advocated a widening of the literature syllabus in American institutions of higher education to include works from outside the standard list of Western classics. Ahmad welcomed Jameson's call, but was deeply disturbed to find him talking of "Third World Literature" as if it were a homogeneous category. There is, Ahmad argues, no such category: there are instead the many diverse literatures of many different countries which, for reasons of geopolitical theory, tend too glibly to be lumped together as "the Third World."

This observation is as profound as it is simple, as Ahmad shows in this collection of essays woven around his original critique of Jameson. Their theme is that the notion of "Third World Literature" connects with views about nationalism and post-modernist literary theory in deeply revealing ways.

Ahmad explores these connections in essays on Edward Said's *Orientalism*, Salman Rushdie's *Shame*, Indian literature, and other topics. The opening and closing essays unify the whole collection into a sustained and searching polemic.

In Ahmad's view, the "metropolitan" (First World, Western) propensity to think in agglomerative terms of "Third World Culture" generates a false understanding of recent world history and the way literature relates to it. The story goes as follows.

In the three decades following 1945, nationalism was a powerful force in African and Asian countries engaged in throwing off colonial bonds. Literary theorists applauded the drive to cultural independence associated with these anti-colonial struggles, but in doing so subsumed them all under the single "Third World" label.

With the rise of poststructuralist literary theories in the 1970s, nationalism itself came to be seen as oppressive, coercive and retrograde. According to poststructuralism, it is nonsensical to think in terms of such concepts as the origin of national identity and the possession of collective cultural consciousness; and it is likewise mistaken to interpret the development of these phenomena by means of determinate historical narratives.

There are only individuals, poststructuralists argue, each with his own relative point of view; and there is no independent rationality or historical truth by whose means sense can be made of national struggles and the fate of cultures.

IN THEORY: CLASSES, NATIONS, LITERATURES
by Aijaz Ahmad
Verso £19.95, 358 pages

Ahmad is opposed both to "Third-Worldism" and to poststructuralism. His chief reason is that, despite the fact that the political, economic and historical analyses offered by Marxism appear to have been exploded by events, he remains a Marxist none the less, and as such believes that although nationalism has too often suppressed questions of "gender" and class, and has too often been retrogressive, it nevertheless has progressive forms, and these must be historically understood.

If fellow-critics try to dismiss Ahmad's views on the grounds that the moths of history have eaten his theoretical garb bare, they will be doing him an injustice. Marxist theory may be in eclipse, but on this occasion it serves as a powerful dissenting voice to the two orthodoxies – "Third-Worldism" and post-structuralism – which have succeeded each other in misrepresenting, as Ahmad convincingly shows, the nature of the many different literatures and cultures flourishing in Africa and Asia. Because of this vigorously argued claim, Ahmad's voice is one of the most important in the current critical debate.

One of the best features of Ahmad's account is its disentangling of geopolitical appearances from cultural realities. At the Bandung Conference in Indonesia in 1955, presided over by the formidable figures of Nehru and Zhou En Lai, an effort was made to forge a consensus among nations outside the immediate hegemonies of the US and Soviet Union.

Writers like Edward Said have mythologised this moment as the birth of the Third World; but Ahmad shows that for all its importance otherwise, Bandung does not mark – for nothing could ever mark – the creation of that "Third World Culture" which metropolitan criticism, addressing itself to a phantom of its own making, so vociferously praised and then later attacked.

It is a great pity that Ahmad will not be read by the general educated public, but only by fellow theorists. He writes too often in the Higher Gobbledygook which characterises so much academic writing today. Academics now write solely for their professional colleagues, in a putrefactive jargon which would turn the stomachs of Hume and Arnold.

If Ahmad were to write for readers outside academic circles he would spread more widely his message concerning the crudity and complacency of Western thinking about what lies beyond its cultural borders. In the newly emerging world such understanding is essential. Ahmad is splendidly equipped to provide it; one earnestly wishes he would.

A.C. Grayling

Japan as it is

JAPANESE goods have conquered the world. Japanese companies have bought parts of the Great American Dream. Japan's leaders take their places at the top table at international gatherings. Its citizens have become familiar figures in the most fashionable locations in the most cosmopolitan cities of the world.

Japan nevertheless conjures up conflicting images, because of its mix of modern occidental practices with the mysticism of the orient. Sometimes it is presented as an alien country whose inhabitants might have come from outer space. Such a view is fostered by Yamato nationalists who claim that Japan is unique, certainly like nowhere else on earth. Eminent Japanese have written articles claiming that Japanese brains, Japanese intestines and even Japanese snow are different from any other brains, intestines or snow.

These two authors went to Japan to explore its mysteries. Peregrine Hodson is British, a barrister, had lived in Japan before, speaks Japanese and wrote his account after spending three years in Tokyo working for a foreign bank. Jonathan Rauch is an American on his first visit, who does not speak Japanese and who spent six months in the country. Both books are highly personalised and episodic.

Hodson's most frequently used word is "I". Possibly Hodson's object is to get into the Guinness Book of Records for the number of uses of the personal pronoun. It is slightly more interesting counting the "I"s than reading what goes in between. There is some interesting material and he has a few vivid descriptions, but if he spent as much time as he admits breathing into his tape recorder during office hours it is a surprise that he survived so long.

A CIRCLE ROUND THE SUN: A FOREIGNER IN JAPAN
by Peregrine Hodson
Heinemann £16.99, 307 pages

THE OUTNATION: A SEARCH FOR THE SOUL OF JAPAN
by Jonathan Rauch
Harvard Business School Press $18.95, 200 pages

In contrast, Rauch's observations raise very pertinent issues without an intrusive "I". The book is riveting. Precisely because he does not set himself up as an expert, but goes to see and learn before drawing his conclusions, Rauch has written an enjoyable, profound book, perhaps a minor classic.

He finds a Japan that reminds him of Plato's utopia based on Sparta. He finds much that reminds him of the US years ago. He demolishes the claim that the Japanese alone have a distinction between "tatemae", the feelings they show to the world, and "honne", what they really feel. Similar distinctions, he correctly observes, can be found in most cultures. He dismisses the myth of Japanese uniqueness: "The Japanese are precisely as mysterious and unique as my aunt in Hackensack," he concludes.

Kevin Rafferty

Screen

Still reigning after all these years

Gene Kelly in full flow in everybody's favourite screen musical

Gene Kelly celebrates his 80th birthday tomorrow. ***Nigel Andrews*** *spoke to him at his Hollywood home*

FOR a moment Gene Kelly, possessed by recall, looks about 29. He reminisces: "When we all worked together at MGM, we were an angry young group of people, because musicals up to that time had been looked down on. Every good director would say, 'Oh, one day I'll have some fun and make a musical.' And some of them tried it and their films went right in the bucket. But making a musical and not just having people yell at each other – not having them say 'I love you' and then burst into song – that was hard work and it was new."

So was Gene Kelly 50 years ago, and even newer 80 years ago. The man who battles Fred Astaire for the title of American cinema's greatest singer-dancer was born on August 23 1912. And back in 1942 a newcomer with St Vitus feet and a head-cold singing voice came to MGM to make his first musical.

Kelly became the most important thing that ever happened to that form. Before him – before *On The Town* and *An American in Paris* and *Singin' In The Rain* – song-and-dance movies, when not backstage stories, were about high society folk kicking up their heels between Long Island parties. The Astaire-Rogers films, shot in black and white like old *New Yorker* cartoons come to life, set the style.

In came Kelly and MGM and almost overnight musicals were multi-coloured and so were their social spectrums. "The big difference between me and Fred – and we always got angry when critics said we were like two peas in a pod – is that in his musicals everyone was always rich. Even if they did a divertissement with poor people, they all had tailored clothes! It was like Lana Turner in *The Postman Always Rings Twice*: she had an apron designed by Givenchy or someone. It was a whole different age."

Some filmgoers, myself included, do not go back to the Astaire age, except via TV reshowings in which the Incredible Stick Insect and Ginger dance everywhere from bandstands to banana boats. I like *Top Hat* and *Roberta*, but I grew up with Kelly's films and like them more. Postwar baby-boomers preferred their musicals grounded in a real world with real colours and characters.

Kelly today – we met at his modest but maximum-security hacienda off Sunset Boulevard – is a gracious, fatherly gent with a cardigan and balding no-toupee pate. The tenor-adenoidal voice is hoarser than when it sang in the rain back in 1952, but it still transmits tremors of recognition: especially when, to illustrate the genesis of the musical cinema's best-known solo number, Kelly breaks into the vamp from *Singin' In The Rain*.

"Do-de-do-doo-do-de-doo-de-do-doo... That was Roger's idea" – Roger Edens, MGM music arranger – "and it gave me the 'in' to the number that I wanted. I can't escape that song. It's become a classic, and I'm deeply grateful for that."

Singin' In The Rain – chalk up another birthday, it is 40 this year – has topped poll after poll as everyone's favourite screen musical. But neither the project's starting point, a bunch of old Arthur Freed songs in search of a script, nor the title song itself seemed promising back in 1952.

"It was an old Freed number and it had been used three times before on screen and never worked, so I thought it was jinxed. Arthur came up to me one day and said, 'How you gonna do it?'. I said, 'I don't know, but I'll be singing and dancing and it'll be raining.'

"Well, it took 10 days to rehearse and we shot it in one and a half. People don't believe we could do it that fast, because we had to back-light the rain, and have puddles dug, and cue each effect to the music. Plus, I had a fever and a bad cold, and it was scorching hot outside. We were working on the backlot under these big tarpaulins and the rain was coming out of hoses. I didn't enjoy it, but I knew what I had to do."

I suspect he did enjoy it. Kelly's powers of recall today are fond and focused, and he jumps on any memory-error perpetrated by former colleagues.

When I tell him about Debbie Reynolds' claims that Kelly, first, did not want her in *Singin' In The Rain* and, second, put her through hell in the rehearsal room he answers: "Wholecloth!" (A favourite Kelly term of scorn). "Both Stanley (Donen, co-director) and I saw straight away that Debbie was a pretty girl and bright as a whip. She wasn't a great tap dancer – she was only 18 – but she worked hard and faked well. As for training, Debbie says that one day her feet bled. Well, it may be so but I never saw it. She romances that past quite a bit."

So much for Debbie. Kelly himself de-romances the past. The man MGM helped turn into a superstar is startlingly casual about the studio's heyday and its myths. On the colourful L.B. Mayer, for instance, whom history paints as a non-stop despotic interventionist: "Mayer never stepped on to a soundstage that I recall. We were pretty much given free rein. I hardly even met him: we used to refer to him and his executives as the Pope and the college of Cardinals."

So genius flourished unencumbered?

"We weren't geniuses. We were contract players just like athletes in the old days. If there was a style to a movie or group of movies, it might come with the individual directors like Minnelli.

"But we had, I guess, a sense of mission. We wanted to make films in which the music was part of the plot and there was some kind of characterisation of the actor in his numbers. In the old musicals you could take any song or dance and put it somewhere else in the film – they often did – and even give it to a different character.

"But if you take a musical like *On The Town*, which is my favourite, what we tried to do was treat it as real. The songs and dances were part of the story. The film was very daring for its time: we shot on location in New York City, we had blacks and Japanese-Americans as main characters – L.B. Mayer didn't like that – and we threw out the chorus line because we said, 'Well, the five leads will be the chorus.'"

But there's a point beyond which you cannot go, surely, *pace On The Town*, *West Side Story* and other gritty song-and-dance shows. The musical *is* a romantic form, isn't it, even an escapist one?

"The critics like to say that: they always say, Oh musicals make no social comment. But a good musical makes more than the deepest, dreariest drama. In *Singin' In The Rain*, for instance, we took the art form of the 20th century – the cinema – and we told the truth about the silent era and the way sound movies came in. Every detail was true, all the way from the broken careers of actors whose voices couldn't make it, to those scenes of early sound recording with mikes hidden in flower vases.

"But if you ask me if there's romance in musicals, of course there is. I think that's why it's died as a movie form: because dance follows music, and since the revolution of the Beatles that music has got louder and a bit more frightening for dancers. It's very hard to say 'I love you' to modern pop music. To the music of our generation it was easy and the dances became an extension of that.

"Fifty years from now, that romanticism might come back. Occasionally I hear melodic lines creeping back into a song that's half-popular. And if it does come back, so may a new generation of trained dancers who can sing and act. They've always been the *rara avis* in show business.

"When I was at MGM we tried to bring on a lot of new male dancers, because after a while I was a bit embarrassed: I'd be 40 years old and I'd be partnering Debbie who was 18, Leslie (Caron) who was 17. So the studio and I collected and trained a group of young dancers who I think were the best in the world. But the public wouldn't accept them. They would't go to the films. Right up into the Fifties – right up almost into *our* fifties – they still wanted me and Fred."

Salzburg Festival

Hills alive with the strains of music

David Murray *reports from the annual celebration of Mozart*

EVEN at 30° celsius, Salzburg remains a delightful place to be. The "Sound of Music" bus tours still run (they take you to see where Julie Andrews stood when she sang *this*, and where the nuns did *that*) – though for such senior citizens now, that they must be the last generation of clientele.

Temperatures and tempers have been rising still higher among the Festival artists, as you may have read. There have been disputes, but no mass defections; in fact the Festival proceeds with its usual air of comfortable success.

Over what might have been the largest bone of contention, the new director Gerard Mortier's aim of pulling the Festival further into the 20th century, one hears no audible growls. After all, there is still plenty of Mozart, including three of his operas – and two by Strauss, one by Janáček and one by Rossini (with strong international casts, if not exactly the ones originally announced).

The late Olivier Messiaen's *Saint François d'Assise* was sure of a safe passage in a devout Catholic land; and the seven concerts allotted to Pierre Boulez are going splendidly.

Of the four given by the Ensemble InterContemporain, two offered the composer's *Répons* of 1981, so far his most brilliant marshalling of instruments-plus-electronics, aptly prefaced by the *Dialogue de l'ombre double*: "strophes" for solo clarinet (Alain Damiens, dazzling) against his own pre-recorded "accompaniment".

Each strophe exploits a particular diction – one studded with little grace-note whoops, another gurgling with trills, and so on – while the softer accompaniment whirls around the ring of speakers high on all four walls. Patterns emerge and expand. The effect is not studied or arcane, but marvellously fluent.

A large auditorium in the *Lehrbauhof*, some way out of town, had been adapted for the purpose, and for the more elaborate demands of the "concerto grosso" *Répons*. There, the 24-strong ensemble sat at the centre, surrounded by the audience, while the six soloists – pianos, harp, cimbalom, vibes – were stationed at the perimeter below the speakers. (Boulez was not above leaving them in darkness until their first collective entry, whereupon they were dramatically spotlit.) Thus the soloists' "responses" to one another criss-crossed the hall, while the central ensemble seethed and the speakers occasionally erupted.

Much like the *Dialogue* strophes, the sections of *Répons* are sharply characterised by diction and colour – often dense, always clear, sometimes disarmingly mock-simple.

For long stretches there is a perceptible harmonic base that helps the ear to keep the incessant flow in order. The work teems with original ideas; indeed, Boulez has been inclined to regard it as "unfinished" (like several other pieces). It made a thrilling, slightly exhausting three-quarters of an hour.

From late Boulez to the 19-year-old Mozart's *La finta giardiniera*: would that the composer's shade could have descended vengefully upon the production! An excellent, hard-working cast, the fine Mozarteum Orchestra (wonderful bassoons) with a committed conductor in Sylvain Cambreling, a charming set – a whole wood of tall, slender trees, apparently real – by Karl-Ernst Herrmann; and a staging by himself and his partner Ursel of the utmost silliness.

Whether it was a good idea to incarnate the presiding spirit of Love as a preening wood-sprite (a female midget in feathers) is perhaps a matter of taste; but taste had nothing to do with the slapstick antics enjoined upon all the players. Most of them had at some point to deliver an aria against maximum comic distraction elsewhere on the stage.

Laurence Dale's romantic hero Belfiore, valiantly sung, was turned into a ridiculous ass, starting by tripping headlong over a root at his first aria – with endless jolly japes to follow.

La finta giardiniera is not a farce, but a "dramma giocosa" (a label that would fit *Répons* too, in fact), in this case an uneasy but fascinating compound of *opera buffa* and *opera seria*.

To wreck its serious side is inevitably to diminish its most forward-looking dramatic music: real distress and rapture become jokey charades. By sheer force of conviction Anne Sofie von Otter made a great impression in the breeches-role of Ramiro, and when given a chance Joanna Kozlowska and Elzbieta Szmytka sang stylishly as "Sandrina", the pretend-gardneress, and Serpetta.

Malvina Major's *grande dame* Arminda, Ugo Benelli's avuncular Podestà and Dale Duesing's lusty Nardo completed the team with distinction – though the it was a disservice to the latter to transfer his main, character-fixing aria to the last act.

In the dubious circumstances, the score gleamed far better than might have been expected. All the same, Salzburg has no business producing Mozart as if for people who know that opera is foolish stuff, and want only to be kept awake to laugh.

I will arise and go now. . .to Sligo

Alannah Hopkin *visits the Yeats International Summer School*

AT half past nine on a sunny Thursday morning in mid-August there is scarcely an empty seat in Sligo's Hawk's Well theatre as Professor Helen Vendler of Harvard University addresses the assembled company on "Yeats's *Ottava Rima*".

"*Ottava rima*," she says, "is not exactly a subject for the crack of dawn." It is less intimidating once you realise that it is the standard form of the first eight lines of a sonnet, five beats to a line with alternate rhymes building up to a final couplet ("I must lie down where all the ladders start,/In the foul rag-and-bone shop of the heart").

The technical analysis of the style and diction of half a dozen of Yeats' greatest poems that followed was so clear and jargon-free that even the most novice Yeatsian could not fail to be enlightened.

Vendler's lecture was the highlight of the first week of the 33rd Yeats International Summer School in Sligo, whose second week ends today. The prospect of getting people to pay I£250 (excluding accommodation and meals) to spend two of the best weeks of summer attending lectures and seminars in a run-down Victorian town on the rainswept north-west coast of Ireland is so unlikely that it would be laughed at by the tourist industry.

Yet the Yeats School has been so successful that imitations have sprung up all over the country to study and celebrate all manner of writers in all kinds of places – Brian Merriman in Lisdoonvarna, Goldsmith in Longford, Gerard Manley Hopkins in Monasterevin, James Joyce in Newman House, Dublin, J.M. Synge in Wicklow, and Bram Stoker in Clontarf, to name but a few.

The YISS is in danger of becoming a victim of its own success, since it must now compete for custom with its imitators. And yet people still come – more than 80 this year, in spite of a postal strike in the booking season – divided between university students with a professional interest in Yeats and poetry lovers seeking a friendly special interest holiday.

The YISS has a name for being friendly and relatively informal. It is hard work for both students and the 23 lecturers and tutors, with two lectures and a two-hour seminar every weekday, in addition to a packed schedule of optional events such as poetry readings, lunchtime theatre (Yeats, of course), concerts (Donovan singing Yeats) and outings to Yeats Country – "Students should bring packed lunches and wear strong shoes". Then there is the late-night drinking and talking essential to any such school.

One reason why these schools prosper is that today's academics find them helpful for networking. Angela Bourke of University College Dublin is assistant director this year, and over the past six years she has made friends in Sligo with colleagues such as Terry Eagleton, Seamus Heaney, George Bornstein and Helen Vendler. Such friendships lead to invitations to lecture abroad which might not otherwise materialise. It is a way of compensating for the lack of mobility and poor promotion prospects in academia caused by cuts. The School's Director, Patrick Sheeran of University College Galway receives numerous letters from overseas academics, particularly American, asking for the privilege of an invitation to lecture – and this at a fee of I£45 per lecture, I£15 per two-hour seminar plus I£40 per diem expenses.

Helen Vendler has been coming to the school since 1971. She found that seeing the places that Yeats wrote about gave her a more intimate relation to the poetry, and recommends the experience to her graduate students at Harvard.

She has seen various phases in Yeats scholarship, the emphasis changing in line with intellectual fashion. Yeats has survived deconstruction, and is currently the subject of a lively debate on political versus aesthetic readings of the poems.

The director and assistant director are responsible for the programme and are appointed by the board of Sligo's Yeats Society, a group of predominantly elderly local worthies who formed the Society to foster the connections between Yeats and Sligo. Yeats was born in Dublin and grew up in London, spending only his boyhood summers in Sligo, but he loved the place with a passion – not the dreary little town, but the undeniably spectacular scenery around it.

As John Keohane, president of the Yeats Society points out, even if you are not interested in Yeats, the best way to see the area is to follow Yeats since he wrote about all the best places: Lough Gill, which has Sleuth Wood; the Lake Isle of Innisfree; the Rock of Donney; and the village of Dromohair; "bare Benbulben", an inland cliff whose distant prospect towers over the streets of the town; Lissadell House, where Gore-Booth still lives, and the grave in Drumcliffe churchyard- "Cast a cold eye/On life, on death./Horseman, pass by!"

Yeats actually lived about two hours' drive south at Thoor Ballylee near Gort in County Galway, but his "ancient tower" and the nearby ruins of Lady Gregory's Coole Park are no match for the grandeur of the Sligo landscape.

Another potential rival is the Yeats International Theatre Festival, now in its second year, which takes place at the Abbey Theatre in Dublin from August 25 to September 12, bizarrely sponsored by Coca-Cola, but so far it lacks the kudos of the Sligo event.

The YISS would also welcome a major sponsor to enable it to pay its lecturers a more realistic fee and establish more bursaries to help students with the cost. But if the man from the Tourist Board has his way, a sponsor will not be necessary. Damien Brennan is proposing a 25-minute state-of-the-art audio visual presentation "W B Yeats – Sligoman" in the Yeats Society's headquarters, with 75,000 visitors a year paying to see it and the profits ploughed back into the school. The question is whether the staid and serious Yeats Society would permit it. They would be foolish not to.

Swiss eccentric who defies classification

Susan Moore *reviews the career of the painter Jean-Etienne Liotard, known as 'The Turk'*

THE notion of artistic eccentricity has a distinguished pedigree. Vasari records how the old and reclusive Piero di Cosimo was enraged by the sound of crying babies, coughing men, ringing bells and singing friars, and lived on a diet of eggs which he boiled 50 at a time along with his glue. Pontormo, if the mood so took him, would refuse to work for a Medici and instead paint a Madonna for a builder.

It was the Romantics, however, who established the idea of a distinctive artistic temperament and dress. Flowing locks and unorthodox costume became means by which young bloods could assert their independence from the art establishment.

What, then, is to be made of the pre-Romantic Jean-Etienne Liotard, "The Turk", who sported a scandalous belt-length beard and Turkish garb long after his return to Europe? Is it simply hindsight that tempts the organisers of a current monographic show to see his mode of attire as an expression of aesthetic non-conformity?

Clearly he cannot be neatly pigeon-holed. This most versatile and cosmopolitan of artists was born of French Hugenot parents in the Republic of Geneva. He was apprenticed to a portrait painter, miniaturist and enameller in Geneva, and to a miniaturist and engraver in Paris.

In 1735 he travelled to Naples with the French ambassador, le vicomte de Puisieux. While in a coffee house in Rome, he overheard a group of gentlemen praising his miniature of the Medici Venus, and made the fateful acquaintance of William Ponsonby, future 2nd Earl of Bessborough.

With Ponsonby, Lord Sandwich and company he sailed for the Levant, and there he remained, in Constantinople, for four years. Subsequently he went to Moldavia on the invitation of the Prince, and proceeded to Vienna to paint the Imperial court.

In Paris he became Painter Ordinary to the King, although fiercely excluded from the French Academy. So he prospered, portraying the aristocracy and bourgeoisie of France, Switzerland, Germany, Austria and England.

Even at the age of 80 he was producing still-lifes for Catherine II of Russia. He was a highly proficient painter in oil and enamel, a sensitive draughtsman and a virtuoso pastel painter.

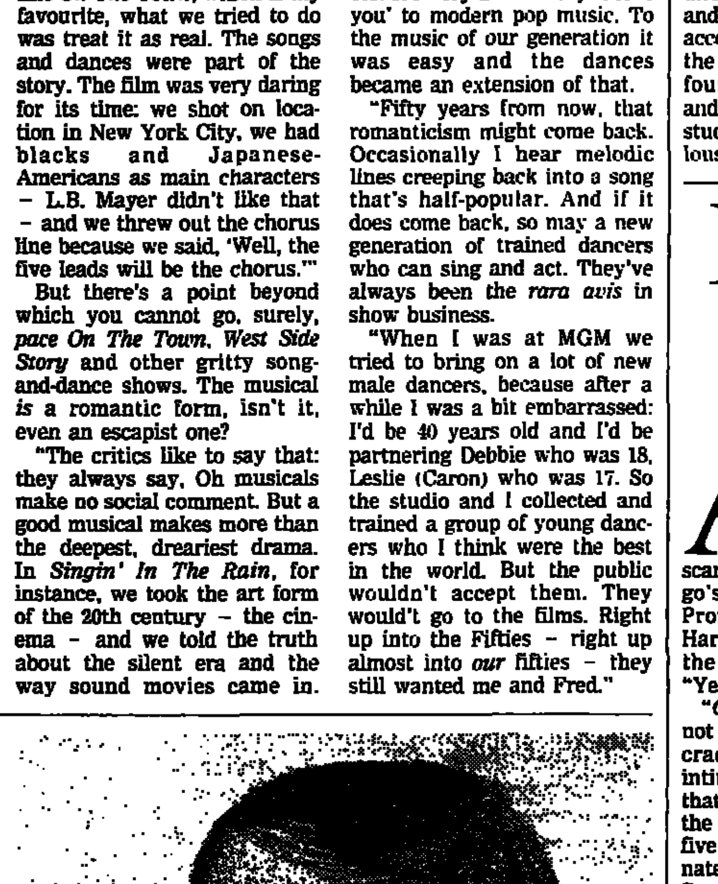
Liotard is still celebrated as a painter in pastel. As a draughtsmen he is less known. This exhibition, a collaboration between Geneva's Musée d'art et d'histoire and the Musée du Louvre in Paris, is the first to reunite his drawings – and what is not here is usefully published in the catalogue. The whole is leavened by a sprinkling of pastels and oils, gouaches and miniatures. Visitors to the Geneva view are also directed to the museum's outstanding holding of delectable Liotard pastels.

The show opens with full-length figure studies or, more precisely, costume studies of the peasant women of the Roman *campagna* in regional folk dress – working and Sunday best – executed Watteau-style in red and black chalk. Then come the elaborately dressed girls of Malta, Chios, Milos, and Constantinople drawn for the publication planned by Liotard's English companions.

In Smyrna and Constantinople, we find the Europeans gone native. The frock-coated French consul in Smyrna lounges on a low divan. Alongside the exotic henna-tipped Frankish women at the Turkish bath, Greeks, Tatars, Turks, merchants and musicians, the British ambassador to the Sublime Port sits musing in damask robe and soft slippers. The Levant seems all langour, *ennui*.

From the first, Liotard's touch is careful but deft. He exploits both the hard edge of the chalk as well as its softness, combining its delicacy and its breadth. His miniaturist's taste for detail makes him the textile historian's dream. Even a rapid sketch speaks volumes about stuff: no doubt the lace, the embroideries, the woven silks, each appliqué flower and fringe are identifiable. In pastel he goes a stage further and captures the softness of silk, the bloom of velvet, the depth of a rich Turkey carpet. Costume and textile often have more substance than the sitter.

Liotard is invariably content to depict exactly what he saw – this apparent objectivity was to be much admired by Flaubert and Ingres. If the Empress Maria-Theresa happened to look like a *gute Hausfrau*, so be it.



Young girl in Roman folk dress, drawn by Liotard about 1737

Only occasionally does he care to penetrate the psychology of a sitter, as he does in his subtle portrait drawing of the seated Mehemet Aga or his study of the young British archaeologist Richard Pococke in sombre Ottoman rig, whose sensitive features radiate a keen intelligence.

Liotard can be refreshingly unconventional. Only rarely did he succumb to the seductive charm of the prevailing Rococo style – a considerable achievement for an artist who worked in pastel and coloured chalks. Into his portrait drawings, even if not always into his oils and pastels, he introduced an air of easy informality only previously acceptable in portraits of literary figures, philosophers or artists. His drawings made in the Levant are as fascinating to us as they were to our 18th century forebears. Above all, they remain extraordinary documents of a particular time and place.

The exhibition continues at the Musée d'art et d'histoire, Geneva, until September 20, and shows at the Musée de Louvre in Paris, October 15-December 14.

Playwright, actor and scholar

Malcolm Rutherford on man of the theatre Harley Granville-Barker

SOMEONE should write a play about Harley Granville-Barker, the dramatist whose works are being celebrated at this year's Edinburgh Festival. The trouble is that hardly anyone would believe it and, like most of Granville-Barker's own plays, it would have a dying fall.

To anyone who did A-level English, he is probably known mainly as the man who wrote the *Prefaces to Shakespeare*. Yet those came later. Like E.M. Forster, another English writer whose influence spanned a large part of the century, Granville-Barker did most of his creative work before the first world war.

Anyone who reads the *Prefaces*, however, must realise that they are the work of a professional man of the theatre. When John Gielgud was playing King Lear in 1940, Granville-Barker was called in briefly to coach him. The 10 days that the old pro gave to the production, Gielgud wrote afterwards, "were the fullest in experience that I have ever had in all my years upon the stage".

Before the first world war, Granville-Barker was actor, writer, director, manager and innovator *par excellence*. He did not actually discover George Bernard Shaw, but he certainly brought him on. Shaw was rumoured (falsely) to be Granville-Barker's natural father; his real, very obscure, father was almost exactly Shaw's age.

At the Court Theatre in London's Sloane Square, Granville-Barker acted in and directed Shaw's early and (some would say) best work. As an actor, Dover Wilson, another Shakespearean scholar, wrote of him that he had "the finest voice that I have ever heard, on or off the stage."

He also wrote himself. *The Voysey Inheritance*, his only work to have been repeatedly revived over the years, was first performed at the Court in 1905, the same month as Shaw's *Major Barbara*, and was again on show in Edinburgh this week. Initially it was compared unfavourably. "GB is simply GBS minus S," wrote one critic. With hindsight, however, we can see that that some of Granville-Barker's output, though less prolific, was superior. It omits Shaw's windyness.

The talent spread everywhere. Granville-Barker brought the best of contemporary continental plays to the Court. In other theatres, he took a fresh approach to Shakespeare. "There is no such thing as a Shakespeare tradition," he wrote, "only a text and a few stage directions." He put on the first full production *The Winter's Tale* in London for almost 50 years. His direction of *A Midsummer Night's Dream* was as controversial in its time as those subsequently by Peter Brooke and, this year, Robert LePage.

As a director, he resembled Stanislavki in his intensity, though that was coincidence: the pair only met later. He insisted on the importance of repertory theatre to give the actors variety. "No man can *act* Hamlet eight times a week; he can only repeat the performance."

Along with the critic William Archer, he also developed a plan for a national theatre which is remarkably close to the one that finally came into being, even down to the site on London's south bank.

Yet something went wrong with this glittering career. One explanation was the outbreak of the war, which severely hampered the London theatre. Another was that arguably his best play, *Waste*, was censored. It was not performed publicly until 1935. About a reforming politician who in a night of passion produces a pregnancy leading to an abortion, it was too much for Edwardian London to take. "*Waste* has wasted me," Granville-Barker wrote. Sadly, it is not included in this year's festival.

There was also the problem of money – it kept running out – and disillusion that his ideas for a national theatre were not more widely supported. The commercial theatres were against it on the grounds that it might harm their box office. Early in the war he went to America, touring Euripides at Yale. He met, and fell in love with a woman 10 years his senior, called Helen Huntington. She was already married into the railroad family of that name. Granville-Barker was married to the actress Lillah McCarthy, whom he had directed and starred with in the early Shaw plays at the Court.

There were divorces all around. Granville-Barker married Helen, Archer Huntington made a remarkably generous financial settlement and the one-time playwright-director was never poor again. He wrote two more plays, one of which, *His Majesty*, will be performed for the first time in Edinburgh next week. Gradually he turned his attention to the *Prefaces*.

His defection, if such it was, gave rise to a remarkable denunciation by the actor, Lewis Casson. "He was a hero who gave up the struggle, threw off the dust of battle, and became a mere professor."

In fact, there is evidence that he had long wanted to get down to academic writing. In a little known work, *Farewell to the Theatre*, which had a rehearsed reading in Edinburgh this week, he puts into the mouth of the actress Dorothy words that could be his own. Dorothy has been a great star and a great beauty in her time and is still going strong, but her debts are catching up with her, and her lawyer is advising her that she should retire.

"But visions do come," she says, "of better things than we are... of a theatre not tinselled... and an office not dusty with law... all rustling with quarrelsome papers." She goes on dramatically: "Oh, my poor theatre! Keep it for a while then to patronise and play with. But one day it shall break you all in pieces. And now my last curtsey's made..."

That is what Granville-Barker has done. He came back to break (in the sense of astonishing) us in two ways. One: his national theatre came into being. Two: his plays are now being appreciated for the masterpieces that some of them are.

In Edinburgh he has had the posthumous good fortune of *The Voysey Inheritance* seeming more topical than ever because of its similarities to the Maxwell affair. It is just possible that when *Waste* is revived again it will coincide with a political scandal, for it, too, is remarkably fresh.

Granville-Barker died in 1946, just before the national theatre became a real possibility. The best book about him is written, appropriately, by an American, Dennis Kennedy.

Girl threading a needle by Nicolaes Maes

Going Dutch in the Gallery

Patricia Morison looks at Low Countries paintings

IN past times, "Seventy-Six Notable Paintings of the Dutch Golden Age" could have served as the title for the National Gallery of Scotland's beautiful exhibition. What you will see – hung rather too densely for comfort – is a feast of paintings by Rembrandt, Hals, Cuyp, Saenredam, Ruisdael, Steen, and de Hooch, plus a host of other Dutch 17th Century masters.

Such an over-stuffed exhibition demands several visits. Upstairs, too, there is a subsidiary display showing Dutch artists' influence on Scottish painters such as Sir David Wilkie and on miscellaneous other artists in the Gallery.

But however many visits you make, it would surely be impossible to part without a pang from two inexpressibly poetic late landscapes by Jacob van Ruisdael, *A View of Haarlem from the Bleaching Grounds* and *A Distant View of Alkmaar*. They belong to the Earl of Wemyss and March and have not been publicly exhibited since 1957.

Given all that, one might ask whether there could be anything much wrong with *Dutch Art and Scotland: A Reflection of Taste*. But the flabby title hints at a fundamental problem with the way the show has been conceived – even though visitors can perfectly well ignore it and simply concentrate on enjoying the pictures.

The difficulty comes from the so-called relevance of these masterpieces to Scotland. Plugging Scotland obviously makes sense politically and as a marketing ploy. Edinburgh must be one of the only public galleries in the world where guards wear national costume, namely those fetching tartan trews – also sported at the show's opening by the director, Mr Timothy Clifford.

But who can really think it matters that all these masterpieces have at one time or another been owned by Scots? Or rather, to be absolutely accurate, nearly all of them. One that was not, Domenicus Van Wijnen's hallucinatory *Temptation of St Anthony* was for a period kept in Scotland by Arthur Kay, an English Edwardian collector with a passion for Scotland. Eventually, he gave this exceedingly peculiar picture to the National Gallery of Ireland.

Almost the first painting in the exhibition is Daniel Mytens's full-length portrait of the third Marquis of Hamilton, resplendent in silver-grey silk, painted in the 1620s when Mytens was in England. Tracing the many connections between wealthy Scottish connoisseurs and contemporary Dutch art of the 17th and 18th Century really does add up to something.

In fact, it could be the beginnings of a rather fascinating sideline to the Festival if you tracked down other Dutch artists active in independent Scotland, for example at Holyrood Palace in Edinburgh and Hopetoun House, the spectacular house just outside the city which Festival-goers ought to put on their maps.

A diligent catalogue points out that in the 17th and 18th centuries there were particularly close and fruitful links between Scotland and the Netherlands. Here were two small countries with an expertise in banking, an intellectual passion for Roman law, shared Calvinist convictions (hence, it is claimed, Scottish patrons particularly appreciated moralising Dutch pictures), and a passion for golf.

For that period, at least, the theme of Scots-Dutch cultural relations works fine. But things become far more tenuous in the case of figures who did not buy Dutch art, but merely inherited it.

One notable case is the Duke of Buccleuch and Queensberry, who in the late-18th century acquired superb Dutch paintings by marriage to the heiress of the Northamptonshire family of Montagu. (By the way, another outing well worth making is to Boughton House at Kettering, the superb house and art-collection of the Dukes of Buccleuch, open on August afternoons.)

From another Buccleuch house, Drumlanrig Castle, comes the most beautiful of the cabinet paintings in the exhibition, a *Wooded Landscape by Moonlight* by Van der Neer, and also two paintings which were sold this century: Rembrandt's celebrated *Flora*, lent by the National Gallery in London, and the late *Self-Portrait* of 1659, now in Washington.

But do such ins and outs of provenance really add up to very much? Sometimes, admittedly, they can be piquant. One of my favourite paintings in the exhibition is a large Cuyp, *The Riding Lesson*, which shows gentlemen schooling their horses on a golden afternoon. Now in Toledo, Ohio, it was looted from the Rothschilds for that assiduous non-Scottish collector, Hermann Goering.

There are 10 Rembrandts – or nearly Rembrandts depending on your view of recent deattributions – in the exhibition, including *Titus at his Desk* from Rotterdam and the Queen's *An Old Woman*, both recently exhibited in London, so it is nice they have now travelled north.

Five of these great paintings belong to Scottish public collections; the famous *Self Portrait aged 51* has been on loan from the Dukes of Sutherland to the Gallery in Edinburgh since 1946. The famous *Woman in Bed* came to the Gallery thanks to William MacEwan of the brewing dynasty. In the 1880s, depressed that Scotland could boast no Rembrandt on public view, he presented the Trustees with £5,000 and told them to buy the first decent Rembrandt which came on the market. Now there is a case of patriotism and taste – a moral example to modern magnates, north and south of the Border.

Sponsored by Scottish Equitable, at the National Gallery of Scotland until October 18 1992

Delights beyond Tchaikovsky

Max Loppert enjoys the music at this year's festival

TCHAIKOVSKY is one of the household gods of this year's Edinburgh Festival. But it is, of course, not *all* Tchaikovsky in the musical schedule. Additional themes and sub-themes have been developed to amplify it with exactly the quickened sense of variety that was so badly missed in the planning of this festival over the last few years.

"Scottish Music Through the Centuries" is one such development: a five-concert series stretching from austerely beautiful plainchant hymns to St Columba and motets by Robert Carver (all sung with authority, but perhaps a touch too respectfully, by Cappella Nova in Greyfriars Kirk) to James MacMillan's new percussion concerto for Evelyn Glennie.

Another is the infusion into the Queen's Hall morning chamber-concert programme of important young talent new to Edinburgh, or – in the case of the young Scots pianist Steven Sloane, who followed hard on the heels of the Borodin Quartet – new to a wider international audience.

Sloane, a recent Clara Haskil competition winner, gave a recital of Haydn, Schubert and five of Messiaen's *Vingt Regards* that was substantial and full of deep seriousness and musicianly feeling, in spite of a quality of physical tension (simple nerves?) that seemed for long stretches to invade his Schubert G major Sonata, D. 894, hardening the sound and limiting the dramatic range.

Brightest new development of all is the provision of 10.30 pm recitals at the Usher Hall – epilogues to the main concerts of the evening. At the first, Ann Murray and Philip Langridge sang *Das Lied von der Erde* with Peter Donohoe providing a leonine account of Mahler's own piano score. The absence of orchestral timbres is at first a severe shock to Mahlerian expectations, then a challenge that becomes ever more stimulating.

The effect is of encountering familiar images under new lights, clean, plain, sometimes even rather harsh; while one misses the plangency of Mahler's scoring, one is provoked to admire afresh the combination of extreme intensity and economy in the musical inspiration. In purely vocal terms neither of these distinguished singers was ideally apt for their lines, yet both tapped resources of quiet eloquence therein unknown to many more conventionally suitable Mahler voices. (In another late-night concert, toward the end of the festival, Diana Montague, Anthony Rolfe Johnson and Charles Mackerras will explore the Schoenberg chamber reduction of the same score.)

The big Tchaikovsky event of the first festival week was to have been the concert performance, by Scottish Opera forces under Mark Ermler, of *The Oprichnik*, an early (1874), rare Grand Opera on a Russian-historical subject. But misfortune struck. The title role had been confided to the Russian tenor Paolo Kudryavchenko, a technically erratic singer at the best of times; from his very first notes it became clear that he was in poor vocal health, and though an announcement was made before the second half craving our indulgence for a throat infection, the damage could not be contained, and proved ever more extensive.

It would be unwise to form any confidently held opinion of the work on this evidence alone: the wearisome heaviness of the brass scoring and tub-thumping squareness of the public scenes, influenced by Meyerbeer, Auber and Glinka equally, appear to be mitigated by much tenderly felt lyrical invention for the leading female roles.

If, indeed, the evening was a not a total write-off, that was entirely to the credit of fine singing from the mezzo-soprano Ludmila Nam and simply glorious singing from the soprano Galina Gorchakova. That phenomenal Renata in the Covent Garden *Fiery Angel* was no fluke: the possibilities of Gorchakova's singer's instrument – ample, free-ranging, shot-silk in texture and molten-hot in emotional colouring – now seem absolutely limitless.

Mixed week on the stage

THIS festival has three main themes – the composer Pyotr Ilyich Tchaikovsky, and the playwrights Harley Granville-Barker and C.P. Taylor. One is endlessly rewarding, one is a flawed delight, and one is very patchy indeed. So it seems at the end of this first week.

The one big C.P. Taylor success so far has been the Greenwich Theatre Company production of *Schippel*, already reviewed in these pages this summer, and playing in Edinburgh at the Church Hill Theatre. It is possible to find some fault with the play, with its direction, with the cast – with everything except the hilariously perfect David Bamber as Hiketier – but only when the high level of the entire achievement has been recognised.

The play's mixture of farce and social satire, the slick polish and impish wit of the production, and the verve and flair of all on stage have made this one of the strongest theatre events this festival.

It does not prepare you for *Walter* or for *The Ballachulish Beat*. As Malcolm Rutherford observed in Thursday's Financial Times, *Walter* is a bore, both rambling and monotonous. The *Ballachulish Beat*, published in 1967 but never performed before, tells a predictable tale about a failed political crusade – a Scottish rock group, the Keelies, innocently, sincerely and radically left-wing, who are variously manipulated by corrupt or soulless management and who then find themselves leading a radical youth revolution they can't handle.

Unfortunately, Taylor's writing is crude, gimmicky, devoid of suspense or subtlety. The many rock songs are all pastiche, but they're the one lively element in the show.

No doubt that Taylor was a good idea as a theme playwright. His Scottish origins, the Scottish themes in several of his plays, both make him suitable; and the anti-highbrow manner of several of his plays must make him appealing to those locals who find that the Edinburgh festival is excessively genteel and intellectual. And Fifth Estate performs *The Ballachulish Beat* in the Corn Exchange (next to some sheep pens and the abattoir), a novel venue for the Festival but good for a show with so much rock music.

One hopes, though, that the Taylor plays of this festival's second and third weeks will show more sheer stagecraft. *Walter* and *The Ballachulish Beat* had me wondering if the wit and command of *Schippel* are largely derived from the Sternheim play on which Taylor based his.

Those in search of a well-made play have so far fared much better with Harley Granville-Barker. There are parallels between the two playwrights – both attended to the corrupting influence of capitalism, and neither was a master of sheer stagecraft – but Barker is much the more absorbing.

There have been excellent five o'clock play-readings of *Rococo* and *Farewell* to the Theatre, directed by William Gaskill, at the Lyceum. I think Gaskill's staging of *The Voysey Inheritance* reveals Barker's incidental weaknesses as a dramatist – so much exposition – but he has shown the range and depth of Barker's mind. Both readings have included extensive narration (spoken by Christopher Good), in prose that places Barker midway between Dickens and P.G. Wodehouse.

Rococo is an engaging and impish trifle about the follies of a family feud: who should inherit this repulsive but valuable vase?

Farewell to the Theatre, a duet between a leading actress on the brink of retirement and a lawyer who has wooed her on and off for 30 years, is something else. It opens window upon window: the relation of life and art; theatre as imitation of life or as self-projection; a woman's independence; a woman advancing through middle age. Susan Engel played the actress with wisdom, charm and authority, her dancing eyes and constantly fresh pacing animating the reading into theatrical life.

Alastair Macaulay

Radio/**B.A. Young**

A chat with Mr Nissan-san

MONDAY'S Radio 4 *Conversation Piece* was better than its throw-away title suggests, for its focus was Ian Gibson, Managing Director of the Nissan factory in Sunderland. Mr Gibson has an open-plan office, where he works in Nissan uniform (*not* an overall, even if others wear the same kit).

Some 80 per cent of his workers are locally engaged and trained; half of them had been long unemployed or never employed at all, and all the senior posts come from internal promotion. The trouble over the UK Nissan distributor is an entirely separate affair. Presenter Sue MacGregor kept the talk very interesting.

Poets and Places make a good association for Radio 4's Tuesday series, but the places don't always live up to the poetry. Last week we had Larkin, whose place had to be Hull, not the most romantic place in the country. Next week we have Betjeman, paired with his holiday area in Cornwall, less characteristic than the London suburbs.

But this week, Housman, whose verse almost sprouts from his young days among the Shropshire lads. Presenter John Florance, with Jane Caulcott of the Housman Society, had to open with "the blue, remembered hills", and soon began to match the names – Wenlock, Abdon, Ludlow, Clun, but oddly not Bredon – with the country and its history. Of the poet himself, we were told little – a happy childhood, later distress from his illicit affection for Moses Jackson. The verse reading was poor.

Jackson might have taken a higher place, for many poems deal *sub rosa* with Housman's liking for young farm lads and sadness at the "laws of God, the laws of man" that prevented its celebration. Though the incidence of suicide in the county may not have been as high as his lines suggest, the fatal emotions were surely his own, not those of some Shropshire Terence.

The Edinburgh Festival must compete for its place on Radio 3 with the Proms and the Texaco Trophy matches with Pakistan, but it began well with Schoenberg's *Moses and Aaron* on Sunday and Tchaikovsky string quartets the next three mornings, wrapped around discussions between Peter Diamand and John Drummond, both former Festival directors. The Summer Season drama goes on, but I would rather leave it unreported.

The most interesting play I heard was *Dr Barry*, the first of a Radio 4 series, *Who Sings the Hero?*, that will tell about heroes. The week's subject was a woman, her birth and upbringing unrecorded, who made a set of friends, including Lord Erskine and Arthur Wellesley, so effectively as a child that she was admitted to Edinburgh University Medical School (as a boy) when she was 10. She pretended to be a man most of her life.

An unpopular posting to Plymouth led to an equally unpopular but more useful posting to Cape Colony, where she reformed everything and was intimate (as man or woman, who can say?) with the Governor, Lord Charles Somerset. Reforms and promotions followed, until her unpopularity led to postings, and promotions, to Mauritius, Jamaica, St Helena, Montreal. On leave from Corfu, she visited Scutari, where she reformed, and annoyed Florence Nightingale.

In South Africa, she did a Caesarian with no anaesthetic, of which we heard all the sounds, and had a baby of her own, though no details exist. In St Helena she fought a duel, neither side being hit.

This was all narrated by Maggie MaCarthy in Jean Binnie's drama, with Veronica Quilligan as Barry. Martin Jenkins directed.

Gary Lineker is one of my favourite public figures, so I naturally listened to Radio 5's *Gary Lineker's Football Night*, on Wednesday, where he was a presenter, not only for football but for athletics. So far he sounds much like other sports presenters. Mostly I heard the commentary on the game between Villa and Leeds; I had to wait for half-time for Lineker.

Chess No 937: 1...Be2! 2 N1xe2 Nf3+ and mate by 3 Bxf3 Qxf2+ or 3 Kh1 Nxf2.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Hallo Spencer. 7.50 Babar. 8.15 The New Lassie. 8.35 The Jetsons. 9.00 Parallel 9. 10.37 Weather.

10.40 Grandstand. Introduced by Bob Wilson. Including at 10.40 Cricket from Lord's: The Fourth One-Day International between England and Pakistan. Commentary by Richie Benaud, Jack Bannister, Tony Lewis, Ray Illingworth, Geoff Boycott and Asif Iqbal. 1.00 News. 1.05 Football Focus: Interview with Paul Gascoigne talking about the problems of adapting to life in Italy as a £5.5m player and about his ambition to return to Wembley – the scene of his serious knee injury. Also Bob Wilson and Gary Lineker review the goals from the first week of the Premier League. 1.35 Racing from Chester: At 1.40 the Tricity Bendix Senator Handicap. 1.45 Cricket. 2.05 Racing: At 2.10 the Tricity Bendix President Nursery Handicap. 2.15 Cricket. 2.35 Racing: At 2.40 the Tricity Bendix Six Chester Stakes. 2.45 Cricket/Bowls. Cricket: Further coverage from Lord's. Bowls: Latest news of the singles matches from Worthing. 4.40 Final Score. Times may vary.

5.10 News.

5.20 Regional News and Sport.

5.25 Tom and Jerry.

5.50 Film: The Four Musketeers. D'Artagnan and his three colleagues return to do battle against the devious Cardinal Richelieu. Starring Oliver Reed, Michael York and Faye Dunaway (1974).

7.35 Dad's Army.

8.05 Miss Marple: A Murder is Announced. Joan Hickson, as Agatha Christie's amateur sleuth, uncovers another mystery. When the time and place of a forthcoming murder appears in the local paper, it's assumed to be a harmless piece of fun. But Insp Craddock and the shrewd Miss Marple are soon investigating a baffling murder case.

10.40 News and Sport; Weather.

11.00 Match of the Day. Highlights from two of today's Premier League fixtures. Plus, goals, action and reaction from the day's other matches.

12.00 Cricket: One-Day International. England v Pakistan. Tony Lewis introduces highlights from Lord's.

12.50 The Young Comedians.

1.40 Weather.

1.45 Close.

BBC2

8.40 Open University.

3.00 Film: Indiscreet. Comedy about the on-off romance between a wealthy American diplomat and a famous actress. Starring Cary Grant and Ingrid Bergman (1958).

4.35 The Sky at Night. Who invented the telescope? Scientific historian Colin Ronan joins Patrick Moore to examine and discuss the reflector invented by Englishman Leonard Digges in the 16th century, many years before the accepted date for the first telescope. Shown last Sunday on BBC1.

4.55 Cricket: One-Day International. England v Pakistan. Further live coverage from Lord's. Continued from BBC1.

7.35 Personal Details. Two different families from Sheffield and Ripon discuss the social changes they have seen in Britain since World War Two, and how their lives have been altered by them.

8.05 News and Sport; Weather.

8.20 Dancemakers: Antony Tudor. Judith Mackrell looks at the life and career of Antony Tudor who died in 1987. Featuring the choreographer's ballets Dance Elegies and Lilac Garden, performed by the American Ballet Theatre, the company he worked with for the greater part of his career.

9.20 Encounters. Drama recounting the unlikely friendship between world-famous actresses Marilyn Monroe and Simone Signoret. Based on a real meeting between the two stars, Sue Glover's play features American actress Debra Sandlund as Marilyn and Pauline Larrieu as Simone.

10.10 Video Diaries. Not a Transvestite. Mika Scott recounts the intimate details of her life, describing how unhappy she was as Michael and how she finally became what she always believed she was – a woman. The actress and model received years of hormone treatment, underwent cosmetic surgery and had to live for two years as a woman before her psychiatrist was convinced she was ready for the final operation.

11.10 Film: Orphans. Albert Finney plays a street-smart crook who ends up as a father figure to a young kidnapper and his troubled brother. With Matthew Modine and Kevin Anderson (1987).

1.05 Close.

LWT

6.00 TV-am. 9.25 Film: Hero in the Family. 11.10 The Smurfs. 11.30 The Life and Times of Grizzly Adams. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.

1.05 LWT News.

1.10 International Rugby. South Africa v Australia. Frank Bough introduces live coverage from Newlands, Cape Town, as the Springboks attempt to re-establish themselves as a major force in international rugby, after a nine-year absence.

4.00 WCW Worldwide Wrestling.

4.40 ITN News and Results Service; Weather.

5.00 LWT News and Weather.

5.05 Cartoon Time.

5.15 The A-Team.

6.10 Catchphrase.

6.40 The Upper Hand. Caroline disapproves of Charlie's attitude to the children fighting, but her opinion changes after a particularly traumatic day. Diana Weston and Joe McGann star.

7.10 Autumn Preview. Short look ahead to the coming season on ITV.

7.15 Film: Spies Like Us. Two incompetent spies who behave badly during an informal exam are hurried into training for a deadly mission. Starring Chevy Chase and Dan Aykroyd (1985).

9.00 Film: The Grasscutter. A former Ulster Volunteer Force informer is tracked down by the men he put in prison. Revenge thriller, starring Ian McElhinney and Frances Barber.

11.00 ITN News; Weather.

11.15 LWT Weather.

11.20 Phil Cool. Stand-up comedy and sketches from the rubber-faced impressionist at the Belgrade Theatre, Coventry. With Sophie Thompson, Chris Emmett and Zoe Greig.

11.50 Spitting Back.

12.20 Wolf.

1.15 Get Stuffed; ITN News Headlines.

1.20 The Big E.

2.20 Rhythm 'n' Raag.

2.50 Get Stuffed.

2.55 Budo Sai.

3.20 Get Stuffed.

3.30 Beats Per Minute; ITN News Headlines.

4.00 New Music.

5.00 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 Out of Sight. 10.30 Australian Rules Football. 11.30 Quizbowl 12.00 Get Smart. 12.30 pm The Munsters.

1.00 Film: Young Bess. Historical drama covering the early years of Elizabeth I, played by Jean Simmons. Co-starring Stewart Granger, Charles Laughton and Deborah Kerr (1953).

3.05 Racing from Sandown. Including the 3.10 Bernard Sunley Charitable Foundation Graduation Stakes, 3.40 Texas Homecare Stakes (H'cap), 4.15 William Hill Stakes (H'cap), and 4.45 Henkel Home Improvements Stakes (H'cap).

5.05 Brookside.

6.30 The Big 8. Knockout tournament to find Britain's best wheelchair basketball team. Simon Reed and Gerry Kinsella commentate. With subtitles.

7.00 The World This Week. Respected academic Manning Marable investigates why many Americans have become disillusioned with the political process. Plus, has American foreign policy towards the Middle East led to a rift between the United States and the Islamic world? And, how the Bosnian war is being reported in Serbia.

8.00 Kingdom of the Plains. A year in the life of animals who live near a waterhole at the Etosha National Park, Namibia. The film was shot from a hide at the water's edge, near where lions, cheetahs and pythons seek their prey.

9.00 Shoah (the Hebrew word for annihilation). First of four parts of a film chronicling the memories of Holocaust survivors. Director Claude Lanzmann spent 10 years interviewing Jewish survivors, former SS officers and Polish peasants in his quest to uncover the truth. In the first part, a survivor returns to Poland to relive the horror of the extermination camps and remember the painful moments of one of history's darkest hours. Continued at 12.35pm.

12.10 Ashkenazy Plays Rachmaninov. Corelli Variations, at a concert in Lugano, Switzerland

12.35 Shoah .

2.45 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 9.25 Greyfriars Bobby starring Donald Crisp and Laurence Naismith (1960) 11.05 Cartoon Time 11.30 Zorro 1.05 Anglia News 5.00 Anglia News and Sport

BORDER: 11.10 Cartoon Time. 11.30 The Munsters Today. 1.05 Border News. 1.10 Katts and Dog 1.40 Granada Sports World 5.00 Border News

CENTRAL: 9.25 Greyfriars Bobby (1960) 11.05 Cartoon Time. 11.30 Zorro 1.05 Central News 5.00 Central News 5.05 Central Sports Special - Goals Extra 11.15 Local Weather

CHANNEL: 9.25 Greyfriars Bobby (1960) 11.05 Cartoon Time 11.30 Blockbusters 1.05 Diary Dates. 4.00 Motor Sport Special 4.30 Cartoon 5.00 Channel News 5.05 Puffin's Pla(i)ce

GRAMPIAN: 9.25 Greyfriars Bobby (1960) 11.05 Cartoon Time 11.30 Sealll 1.05 Grampian Headlines 5.00 Grampian Headlines and Weather 5.05 Cuirm Cloinne 11.15 Grampian Weather

GRANADA: 9.25 Greyfriars Bobby. (1960) 11.05 Cartoon Time 11.30 This is America Charlie Brown 1.05 Granada News 1.10 Just for the Record 1.40 Granada Sports World 5.00 Granada News and Weather

HTV: 9.25 Greyfriars Bobby (1960) 11.05 Cartoon Time 11.30 Zorro. 1.05 HTV News 4.00 Chequered Flag 4.30 Out of Limits 5.00 HTV News and Sport

SCOTTISH: 9.25 Greyfriars Bobby. (1960) 11.05 Cartoon Time 11.30 Sealll 1.05 Scotland Today 4.00 Cartoon 4.05 Incredible Stunts and Jumps. 5.00 Scotsport Results 5.10 Scotland Today 11.15 Scottish Weather. 11.50 Craig. Millar and Cosgrove at the Festival

TSW: 9.25 Greyfriars Bobby (1960) 11.05 Cartoon Time 11.30 The South West Week 1.05 TSW News 4.10 This is America, Charlie Brown. 5.00 TSW News 5.10 Gus Honeybun's Cartoon Time 11.15 TSW Weather

TVS: 9.25 Greyfriars Bobby (1960) 11.05 Cartoon Time 11.30 Blockbusters 1.05 TVS News 4.00 Motor Sport Special 4.30 Cartoon 5.00 TVS News.

TYNE TEES: 9.25 Greyfriars Bobby (1960) 11.05 Cartoon Time. 11.30 Superman 1.05 Regional News 4.00 Chequered Flag 4.30 Out of Limits 5.00 Northern Life Sport Special

ULSTER: 9.25 Greyfriars Bobby (1960) 11.05 Cartoon Time 11.30 Superman. 1.05 Ulster Newstime 4.00 The Mountain Bike Show. 4.30 Cartoon. 5.00 Ulster Newstime 11.15 Ulster News and Sport

YORKSHIRE: 9.25 Greyfriars Bobby. (1960) 11.05 Cartoon Time 11.30 Superman 1.05 Calendar News. 4.10 Stuntmasters. 5.00 Calendar News. 11.15 Local Weather.

S4C Wales as Channel 4 except:- 10.00 Slot Sadwrn. 6.30 American Chronicles 7.00 Newyddion Nos Sadwrn 7.15 Gemau Heb Ffiniau. 8.45 A is for Autism.

SUNDAY

BBC1

6.45 Open University. 8.50 Playdays, 9.10 News. 9.15 Summer Sunday. 10.00 Sign Extra: Bazaar. 10.30 Student Choice 92.

11.30 Bird's Eye View. Irish writer James Plunkett journeys around his home country.

12.30 CountryFile. John Craven follows the search for the perfect sporting turf. Can farm-produced turf successfully replace the traditional sea marsh variety?; **Weather for the Week Ahead.**

12.55 News.

1.00 The High Chaparral.

2.00 EastEnders.

3.00 Eldorado.

3.30 Film: The Sheriff of Fractured Jaw. An Englishman tries to establish his gunsmith business in the Wild West, and ends up sheriff of a lawless town. Western spoof, starring Kenneth More (1958).

5.10 Cartoon.

5.20 Steven Spielberg's Amazing Stories. The Sitter.

5.45 Europe by Design. From Barcelona to Milan, Tom Vernon sets out to discover how people's taste in furniture and interiors is formed. He also talks to Italian designer Ettore Sottsass.

6.15 Lifeline. Alan Titchmarsh appeals on behalf of the charity Telephones for the Blind, which provides a service for blind people who live alone.

6.25 News.

6.40 Songs of Praise. From Northern Ireland's Giant's Causeway. Martin Bashir journeys on various forms of transport to meet people who live and work along the coastline.

7.15 The Two Ronnies. With special guest Elaine Paige.

8.05 Film: Dinner at Eight starring Lauren Bacall (TVM 1990).

9.45 News and Weather.

10.00 Everyman. New series. Exploring the faith and belief of people in extraordinary circumstances. The documentary examines the courage and unconditional love of two parents as they cope with their son's impending death. Supported by staff at the Cambridge Children's Hospice, they prepare to face the inevitable.

10.40 Film: Mass Appeal. Two priests clash over ways in which they preach the Gospel to their congregation. Starring Jack Lemmon. (1984).

12.15 Weather.

12.20 Close.

BBC2

6.35 Open University.

12.00 Sunday Grandstand. Introduced by Bob Wilson. At 12.00 Motorcycling: Round four of the British Supercup from Cadwell Park. The gap between the top two has closed to 20 points. Who will be victorious, Terry Rymer or John Reynolds? 12.30 Bowls: World Outdoor Singles Championship Final from Worthing. Plus, news of the fours final, with England looking for a fourth successive world title. 1.30 Motorcycling: Coverage continues. 2.45 Bowls: Continued coverage. 3.45 British Open Horse Trials: After a disappointing show in Barcelona, Britain's top three-day eventers look for success at Gatcombe Park. 4.45 Bowls: Continued.

6.30 One Man and His Dog.

7.15 The Living Planet. David Attenborough looks at how plants and animals cope with the cold. In Africa, groundsel and lobelias grow to several times their usual size, while in Antarctica, the emperor penguin stands on ice through the winter to protect its egg.

8.10 Our Winnie. A usually quiet trip to the cemetery for a woman and her mentally handicapped daughter is disrupted by a crowd of art students. Elizabeth Spriggs and Sheila Kelley star in this drama shown as part of the Alan Bennett retrospective season.

8.50 Hide and Seek in Iraq. After the Gulf War, the United Nations ordered the destruction of Iraq's weaponry. But despite Saddam Hussein's assurances of co-operation, UN inspectors were forced into tense confrontations with the Iraqis. This Horizon special chronicles the inspectors' search, and asks: How many weapons remain hidden in the country?

9.40 Moviedrome. Alex Cox introduces another cult film.

9.45 Film: Tracks. A US Army sergeant's behaviour undergoes a radical change when he escorts a soldier's body to its final resting place. Offbeat road movie, starring Dennis Hopper and Dean Stockwell (1977).

11.15 The Night Stalker. Last in series.

12.05 Film: Crime in the Streets. Starring James Whitmore and John Cassavetes (1956).

1.40 Close.

LWT

6.00 TV Am. 9.25 The Absent-Minded Professor. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Morning Worship. 12.00 Witness. 12.30 pm The Entertainers.

1.00 ITN News; Weather.

1.10 LWT News.

1.15 Cartoon Time.

1.30 Film: Return to Witch Mountain. A group of criminals try to exploit the supernatural powers of two alien children. Disney fantasy adventure, starring Bette Davis and Christopher Lee (1978).

3.15 Film: The Happiest Millionaire. Musical about an eccentric millionaire's family problems. Starring Fred MacMurray (1967).

6.00 Haggard. Intent on regaining his former fortune, Haggard tries to marry Roderick to a lady of quality. With guest star Leslie Ash.

6.30 ITN News; Weather.

6.35 LWT News and Weather.

6.40 Annie Across America. Anne Gregg arrives in Salt Lake City, home of the Mormons and gateway to the Wild West. She meets some worshipping cowboys and visits a Mormon forest of family trees.

7.15 Murder, She Wrote. Jessica takes a trip to the Amish countryside in search of a special hand-made quilt. But her escort becomes the prime suspect in a murder inquiry. Starring Angela Lansbury, with Michael Sarrazin and John Ireland.

8.10 Second Thoughts. Bill (James Bolam) and Faith (Lynda Bellingham) decide to tie the knot. Last in series.

8.40 ITN News; Weather.

8.55 LWT Weather.

9.00 Film: Columbo: Grand Deceptions. Lieutenant Columbo investigates the death of a soldier at a training camp. Starring Peter Falk.

10.45 The Monarchy. Examining the relationship between the sovereign and the people, and how the royals have attempted to bridge the gap between crown and subjects in contemporary society.

11.15 TV Squash.

11.45 Cue the Music; ITN News Headlines.

12.50 Elvis: A Portrait by His Friends.

2.20 Get Stuffed; ITN News Headlines.

2.15 The ITV Chart Show.

3.15 Film: The Fighter. An ex-convict is hunted by the criminal underworld after serving time for a diamond robbery. Starring Alain Delon and Pierre Mondy (1982).

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.45 Dennis. 11.00 Owl TV. 11.30 Flipper. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.

2.00 Shoah. Third part of Claude Lanzmann's film about the Holocaust, including an interview with former SS officer Franz Suchomel. Concluded at 4.40pm.

4.15 Ashkenazy Plays Schumann. World-renowned pianist Vladimir Ashkenazy plays Schumann's Papillons Op 2, and the Symphonic Etudes Op 13.

4.40 Shoah. Concluding Claud Lanzmann's nine-hour epic about the Holocaust.

5.20 News.

6.30 The Cosby Show.

7.00 Equinox: Dead Men Talk. Investigating new techniques for dating fossils, which indicate human beings were born 200,000 years ago in Africa or the Middle East – a view totally at odds with the majority of experts' theories about human evolution.

8.00 Europe Express. Reports on the underground arms trade in Russia, the former East Berlin residents who face life on the streets, and French schoolchildren who made a film about nuclear power.

8.30 The Real Thing. Geoffrey Palmer and Zoe Wanamaker narrate the investigation into post-modern culture and belief. The second in the three-part series asks if post-modern society can recover the religious and ethical values rejected by modern culture.

9.30 Go Fishing. John Wilson uses spinning tackle in Zimbabwe's Zambesi Valley to catch the legendary tiger fish.

10.00 Film: Jacknife. Powerful drama, starring Robert DeNiro as a Vietnam veteran whose visit to a traumatised soldier's home helps exorcise bitter memories of the war (1988).

12.00 Extreme East. East European youth culture and music magazine.

12.35 Jacques Rivette. Concluding part of documentary profiling one of the founders of the Nouvelle Vague who, through an extended interview, reflects on his colleagues and his approach to film-making (English subtitles).

1.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 9.25 White Wilderness 12.25 Countrywide. 12.50 Anglia News. 1.10 The Beast of Kings. 2.20 Cartoon Time. 2.25 Chequered Flag. 2.55 Raise the Titanic 5.00 The Magic of David Copperfield 5.55 Bigfoot. 6.35 Anglia News. 10.45 TV Squash. 11.15 The Monarchy.

BORDER: 12.30 Gardening Time. 12.55 Border News 1.10 Chequered Flag 1.40 Kavik the Wolf Dog. (1986) 3.30 Haggard. 4.00 Scottish Masters Bowls. 5.00 Scotsport. 6.00 Animal Country. 6.35 Border News. 10.45 TV Squash. 11.15 The Monarchy. 11.45 Prisoner Cell Block H

CENTRAL: 9.25 White Wilderness. 10.20 Heidi. 12.30 Gardening Time. 12.55 Central News 1.10 The Life and Times of Grizzly Adams. 2.40 Nicholas and Alexandra. 6.35 Central News 10.45 TV Squash. 11.15 The Monarchy. 11.45 Dangerous Women.

CHANNEL: 9.25 Castaway Cowboy. 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 1.10 The Story of Steam 1.55 Robinson Crusoe. 2.55 Tiger Bay. (1959) 4.50 Cartoon. 5.00 Short Story Theatre. 5.30 House Style. 6.00 Tell the Truth. 6.35 Channel News. 10.45 TV Squash. 11.15 The Monarchy.

GRAMPIAN: 9.25 White Wilderness. 10.45 Children's Island. 11.15 Sunday Service. 11.45 Link. 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 1.10 Jerusalem of Heaven and Earth. 1.40 Prince and the Pauper. (1962) 4.00 Scottish Masters Bowls. 5.00 Scotsport. 6.35 Grampian Headlines 10.45 TV Squash. 11.15 The Monarchy. 11.45 Prisoner: Cell Block H.

GRANADA: 9.25 White Wilderness. 10.20 Heidi. 12.25 Young Up Front. 12.55 Granada News. 1.10 River Thames. 1.40 Matlock. 2.35 The Jazz Singer. (1953) 4.30 New Candid Camera. 5.00 Haggard. 5.30 Coronation Street. 6.35 Granada News. 10.45 TV Squash. 11.15 The Monarchy. 11.45 Prisoner: Cell Block H.

TSW: 9.25 White Wilderness. 12.30 TSW Farming Week. 12.55 TSW News. 1.10 Beyond 2000. 2.10 A Place of Heaven. 2.40 The Entertainer. (1960) 4.30 The Mountain Bike Show. 5.00 Gus Honeybun's Magic Birthdays. 5.05 The Life and Times of Grizzly Adams. 6.35 TSW News. 10.45 TV Squash. 11.15 The Monarchy. 11.45 Magnum.

TVS: 9.25 Castaway Cowboy. 12.30 TVS News. 12.35 Heidi. 1.10 The Story of Steam. 1.55 Robinson Crusoe. 2.55 Tiger Bay. (1959) 4.50 Cartoon. 5.00 Short Story Theatre. 5.30 House Style. 6.00 Tell the Truth. 6.35 TVS News. 10.45 TV Squash. 11.15 The Monarchy.

TYNE TEES: 9.25 Oliver Twist. 12.25 The Intruders. 12.55 Regional News. 1.10 Highway to Heaven. 2.10 The Back Page. 2.40 Nicholas and Alexandra. 6.35 Regional News. 10.45 TV Squash. 11.15 The Monarchy. 11.45 Prisoner: Cell Block H.

YORKSHIRE: 9.25 Oliver Twist. (1985) 12.25 This is America, Charlie Brown. 12.55 Calendar News. 1.15 Your Match. 2.15 The Fall of the Roman Empire. (1964) 5.30 Haggard. 6.00 Calendar. 6.35 Local Weather 8.55 Local Weather. 10.45 TV Squash. 11.15 The Monarchy. 11.45 The Battle of El Alamein.

RADIO

SATURDAY

BBC RADIO 2
6.00 David Allan. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Mark Wynter. 1.00 Hancock's Half Hour. 1.30 Jimmy's Cricket Team. 2.00 Sounds of the Fifties. 3.00 Steve Race.

4.00 Judith Chalmers' Hi Days and Holidays. 5.00 Cinema 2. 5.30 The Movie Quiz. 6.00 Katie and Friends. 7.00 You Can't Have One Without the Other. 7.30 The Musical World of Gillian Humphreys.

9.00 Easy Does It. 10.30 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 David Allan.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
9.00 News.
9.05 Record Release.
10.40 Cricket.
7.30 Proms 1992.
9.35 Ulysses,
10.05 Old Hall Manuscript.
10.40 Ravel.
11.15 Jazz Record Requests.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 On the Hour.
10.30 The Marx Brothers' Flywheel, Shyster and Flywheel.
11.00 Talking Politics.
11.30 From Our Own Correspondent.
12.00 Pilkington in Patagonia.
12.25 Victoria Wood - As Heard on TV.
1.00 News.
1.10 Call to Account.
2.00 Wilko's Weekly.
2.30 Saturday Playhouse.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Fourth Column.
6.00 News and Sports Round-up.
6.25 When Harry Met Ally.
6.50 SOS.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Conversation Place.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 The Gardening Quiz.
10.45 Sitting Targets.
11.00 Tingle Factor.
11.30 Dear Diary.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
6.30 Weekend Edition.
9.00 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
11.30 Student Choice '92.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.05 Six-O-Six.
7.30 Le Pop.
9.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain; The World Today. 7.30 Meridian. 8.00 Newsdesk. 8.30 As I Recall. 9.00 News; Words of Faith; A Jolly Good Show. 10.00 News; Business Report; Worldbrief.

10.30 Personal View. 10.45 Sports Roundup. 11.00 News Summary. 11.01 Rendez-Vous. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Meridian. 1.00 News; News About Britain. 1.15 Multitrack 3. 1.45 Sports Roundup.

2.00 Newshour. 3.00 News Summary. 3.01 Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 News in German. 4.40 German Features.

5.00 News; Travel news; BBC English. 5.30 Londres Soir. 6.14 Letter From America. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German.

8.00 Latin Roots. 8.30 Europe This Weekend. 9.00 News; Personal View; Words of Faith. 9.30 Meridian. 10.00 Newshour. 11.00 News; News About Britain.

11.15 Jazz For The Asking. 11.45 Sports Roundup. 12.00 News; Words of Faith; Book Choice. 12.15 A Jolly Good Show. 1.00 Newsdesk.

1.30 The Ken Bruce Show. 2.00 News Summary. 2.01 Play Of The Week: The Women Of Troy. 3.00 Newsdesk. 3.30 The Columbus Encounter.

4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 John Moffat. 3.00 Alan Dell. 4.00 Nettie and Markham. 4.30 Sing Something Simple.
5.00 Malcolm Stent. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Mark Wynter. 1.00 Charles Nove. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 Madrigals of Love and War.
1.00 News.
1.05 Dussek Piano Trio.
2.15 The Nutcracker.
3.50 Yevgeny Kissin.
5.30 Simpson's Eleventh Symphony.
6.00 Bach in Perspective.
6.40 Bartok and the Violin.
7.30 Proms 1992.
9.15 The Sunday Play.
10.15 Hugh Tinney.
11.10 Sounds Like Bach?
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Dr Penelope Leach.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
4.00 Exile: A Nation Divided.
4.47 More Wrestling Than Dancing.
5.00 Down Your Way.
5.40 Lines of Communication.
6.00 Six O'Clock News.
6.15 Feedback.
6.30 The Standard Setters.
7.00 Your Place or Mine.
7.30 A Good Read.
8.00 Punters.
8.30 Reading Aloud.
9.00 Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 The Adventures of Sherlock Holmes.
11.00 The Board Game.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
7.00 Waterlines.
7.30 Weekend Edition.
9.30 Tales from the Perilous Realm.
10.00 Johnnie Walker.
11.30 Student Choice '92.
1.00 Sunday Sport.
6.15 Fantasy Football League Update.
6.30 Rock Solid.
7.00 Sports Bulletin.
7.10 Open University.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News. 6.30 Londres Matin. 7.00 News; News About Britain. 7.15 Letter From America. 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent.
8.50 Write On. 9.00 News; Words of Faith; Classics with Kay. 10.00 News; Business Review. 10.15 Short Story: Summer Of The Amphora. 10.30 Folk In Britain.

10.45 Sports Roundup. 11.00 News Summary; Science in Action. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play of the Week – The Women Of Troy. 2.00 Newshour.

3.00 News Summary. 3.01 The Living Soil. 3.30 Anything Goes. 4.00 News. 4.15 BBC English. 4.30 News In German; German Features. 5.00 News; Travel News; BBC English. 5.30 Londres Soir. 6.14 Jazz Now And Then.

6.29 News Summary; News in German. 6.40 German Features. 7.54 News in German. 8.00 Modern Masterpiece. 8.30 Europe Tonight. 9.00 News; Folk in Britain; Words of Faith.

9.30 Brain Of Britain. 10.00 Newshour. 11.00 News; News About Britain. 11.15 Short Story: Summer Of The Amphora. 11.30 Letter From America. 11.45 Sports Roundup.

12.00 News; Business Review; Classics with Kay. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News Summary; With Great Pleasure. 2.45 Music From The Age Of Columbus. 3.00 Newsdesk.

3.30 Composer Of The Month: Frederic Chopin. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 The Week Ahead; Travel.

CHESS

JULIAN HODGSON set a new record for the British championship last week when he amassed 10/11 points at Plymouth. The previous best was 9½, while Hodgson was only the second player to retain his title since Penrose's dominance in the 1950s and 1960s.

Hodgson has a unique chess style, a mixture of Mikhail Tal and a poker ace. He sets up mazy tactics like Tal, the late ex-world champion, and often concedes his opponents a fleeting chance. Confused and bluffed, they usually miss it.

Andrew Martin was runner-up at Plymouth, his best result; but in this week's game he succumbs to Hodgson's charisma (J Hodgson, White; A Martin, Black; British Championship 1992).

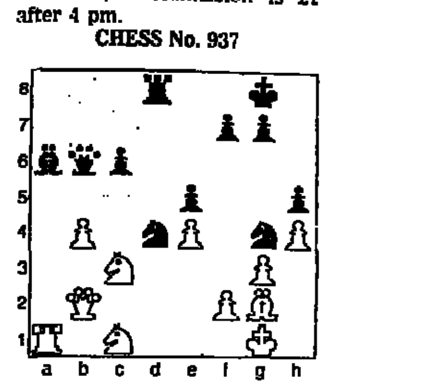
1 d4 Nf6 2 Bg5 d5 If Ne4 Hodgson plays 3 h4!? Nxg5 4 hxg5. 3 Bxf6 gxf6 4 c4 c6 5 e3 e6? Black makes too many pawn moves. Better is Bf5 with e6 and Bd6.

6 Nc3 f5 7 Nf3 Bg7 8 Qc2 Nd7 9 h3 dxc4? This and Black's next three turns are dubious; instead a6 or Qa5 would prepare to attack White's long castled king.

10 Bxc4 Qc7 11 0-0-0 b5 12 Bb3 Ba6 13 g4 f4 14 Ng5! White plans a knight offer, and threatens 15 Bxe6. Nf8 15 Nce4 h6 16 Nxf7! Kxf7 17 d5 Be5 18 dxe6+ Kg7 19 Qc5 Even stronger is 19 Nc5. Bc8? Rh7 holds out longer, though 20 Rd6! Bxd6 21 Nxd6 is a winning attack. 20 Rd7+! Resigns.

Hodgson is among 18 grand masters in the Lloyds Bank Open which starts this afternoon at the Cumberland Hotel, Marble Arch, London. Entrants include the veteran Russian star David Bronstein and the world's youngest master Luke McShane, 8. Admission is £1 after 4 pm.

CHESS No. 937



J Levitt v A Martin, British championship 1992. What was Black's winning move?

Solution Page XIV

Leonard Barden

BRIDGE

HUGH KELSEY gives us another Test Your Card Play, number five in the series, published by Gollancz at £4.99. It contains many excellent hands for you to practise your declarer play and defence. Let us see how you fare with this hand:

N
♠ A
♥ A J 9 7 3
♦ Q J 9
♣ J 10 6 3

W
♠ K 9 5 3
♥ Q 10 5 2
♦ 7 6 5 3
♣ 5

E
♠ —
♥ K 6 4
♦ A K 8 4 2
♣ K Q 8 7 2

S
♠ Q J 10 8 7 6 4 2
♥ 8
♦ 10
♣ A 9 4

West is dealer with both sides game, and North starts the bidding with one heart, East overcalls with two no trumps – the Unusual No Trump, showing both the minor suits – and South's jump to four spades concludes the auction.

West starts off with the five of clubs, you play dummy's three, East produces the queen, and you take with your ace.

How do you assess the position – what line of play do you suggest? At first glance you seem to have just three losers, one spade, one diamond, and one club. Could you lose any other trick? West's club must be a singleton – East must hold five cards in the suit for his bid. That means that West, who probably holds the spade king well guarded, will obtain the lead, and switch to a diamond. East will cash diamond king and club king, and another club will be ruffed by West – one down.

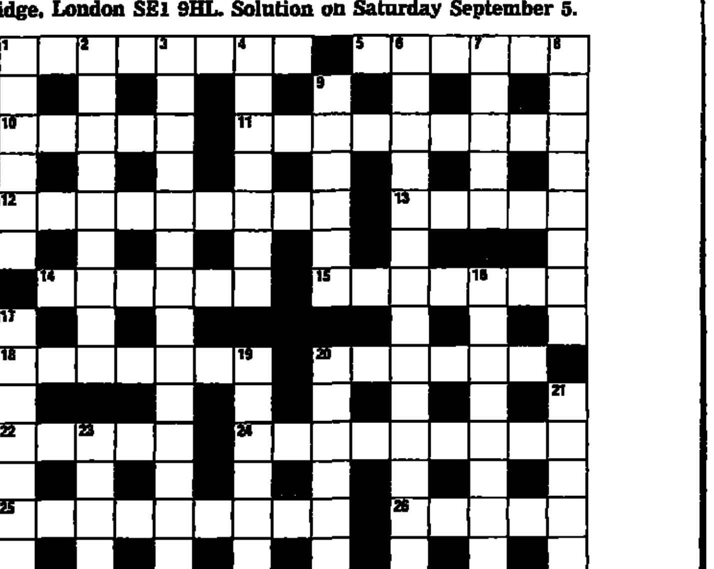
Can anything be done? The solution is the Scissors Coup. This allows you to swap your diamond loser for a heart loser, and prevent East from obtaining the lead. Cross to heart ace and return the knave. If East plays low, you discard your diamond; if he plays the king, you ruff, cross to spade ace, and lead the heart nine. East cannot cover, so you throw your diamond. After dislodging the spade king, and drawing trumps, you are home. The Scissors Coup can be a real snip.

E P C Cotter

CROSSWORD

No. 7,932 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday September 2, marked Crossword 7,932 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday September 5.



Name..........

Address..........

ACROSS

1 Surface-to-air missile (8)
5 High explosive found in Panama tollbooth (6)
10 One in for the full term? (5)
11 Crazy mental act of western stockholder (9)
12 One may call heads in this office (9)
13 Erne flying west for overhaul .... (5)
14 .... fieldfare, we hear, is an easy task (6)
15 Right-hand page has lines in the church office (7)
18 Reserve holds this important fixture (3,4)
20 Clergyman forces open top of tomb (6)
22 Need one be brave to live in it (5)
24 It polishes off the grub in dear civil function (9)
25 Father or Edward the owner? (9)
26 But it is not an interior Welsh town! (5)
27 Makes Bill work in the house, according to report (6)
28 Side with fire breaking out in corner (8)

DOWN

1 Comfort for airman in solitary? (6)
2 Young cricket side well (9)
3 A good deal below the ground here? (7-8)
4 Brief study in secular environment (7)
6 Unethical sort at work – a criminal potter, turning (15)
7 Athenian doctor in can (5)
8 Great distance south in linear extent (8)
9 Persistent sort of saint with difficult year (6)
16 Dogged, mulish, yet pig-headed! (9)
17 Difficulty delivering beat coal? (8)
19 Sign on in silent order (6)
20 Left engineers' quarter for skyport, say? (7)
21 Sets of changes, Stanislavsky-fashion (6)
23 Zoo-favourite, also, in Pennsylvania (5)

Solution to Puzzle No.7,931

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DEPICT REDAPPLE
E O M N L O N
LASTDAY COLOSSI
A T E R I R E G
WORD CRYPTOGRAM
A I P H H U A
RIDDLE REENACT
E E E D R D O T
 PROBLEM SEANCE
T I A S R U N
EXCISEDUTY KNOT
A R C H R M D I
SNOWICE ANAGRAM
E S T A P Z U E
ROSSETTI HERMES
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Solution and winners of Puzzle No.7,920

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INGREDIENTS RUN
N O R N E L E U
TIARA SUPPORTER
R L T I T T A S
IMPROMPTU HORSE
G O I N B D S
UNSOUND EVEN
E T S A M T
 CHAR CURSORY
A S E I O R P
MATER CANDIDATE
A U E H T S L C
ZAPATEADO SPICA
O I T R U U S S
NOD ENDORSEMENT
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Mrs V.R. Blanchard, Orpington, Kent; M.J. Fulton, Newton Mearns, Glasgow; D.L. Smith, Edwalton, Nottingham; M.S. Smith, Gt Sampford, Essex; R.J. Tittle, Bletchingley, Surrey; D.R. Wood, Keighley, West Yorks.

Victory for human ingenuity

***Dominic Lawson** on the checkerboard battle between God and a computer*

IT IS POSSIBLE that at about 7pm this evening the human race will absorb a big dent to its collective pride. That is when a draughts (or checkers) match between the world's strongest-ever player of the game and a computer designed to beat him is scheduled to end.

The human, Dr Marion Tinsley, a mathematics professor from Talahassee, Florida, has been the strongest exponent of what Americans call checkers since 1955. During that time Dr Tinsley has lost only five games.

On Wednesday, at the match venue, London's Park Lane Hotel, the good doctor lost the sixth game of his career to Chinook, a computer programed by Jonathan Schaeffer of the University of Alberta, Canada. Tinsley was, by all accounts, astounded by the dénouement of this game, and just marginally consoled by the fact that he had won the only previous decisive encounter of the best-of-40 series.

According to *The Times*, if Dr Tinsley does lose the match "another fragment of man's dominion will have been stripped away by the microchip." Tinsley takes the thing even more metaphysically. He is that most American thing, a born-again Christian. "I'm sure I have a better programer than Chinook has. God gave me a logical mind," Tinsley told *The Independent*. "I don't want to let my programer down, and I'm sure I won't."

I know how Dr Tinsley feels. Three years ago I challenged the world's strongest chess program, Deep Thought, to a game. Earlier that year, Deep Thought, programed at Carnegie Mellon University in Pittsburgh and partly funded by the CIA, had started to beat grandmasters in tournament play.

My theory was that the chess masters were losing because they played against Deep Thought as if they were dealing with a human. They were trying to out-calculate the brute. And since Deep Thought assessed 750,000 positions a second that was attacking the enemy at his strongest point. My (not very original) theory was that one should attack at the machine's weak point – strategy.

I took on Deep Thought by telephone. Each of us was allotted 30 minutes for all moves. I had not played tournament chess for years, but everything seemed to work like a charm. By avoiding violent contact, and posing only positional rather than tactical threats, I achieved a winning position. But then came the problem. To win even the most overwhelming position, it is necessary to engage in some tactics. I could not find a way through, and lost on time.

"Tough game," said the programer down the line with the condescension typical of a victorious human. In reality, it is no sort of triumph for a computer to beat the mind of Dominic Lawson, although chess, with its 1,000,000,000,000,000,000,000,000,000,000,000,000,000,000,000,000 (or 10^{45}) possible positions, is hardly susceptible to the exhaustive analysis favoured by the electronic brain. The number of possible draughts positions, however, is thought to be no higher than the square root of that of chess, which indicates that Dr Tinsley really is up against it.

I do not care much about draughts, and would not lose much sleep if it became what mathematicians call a "trivial" or solvable problem. But I would grieve if that fate overtook chess. The game would die if grandmasters could simply copy from the computer by rote all the best opening variations and responses. They would themselves become enslaved by the computer's omniscience; their artistic and creative achievements would be at an end.

Even now chess grandmasters routinely use computers in overnight end-game analysis, and some brilliant variations attributed to certain unscrupulous grandmasters should in fact be attributed to the mind of the machine, or rather to that of some computer scientist in Moscow or New York. And here lies the point which I hope will not elude Dr Tinsley, should he lose his match against Chinook later today.

Rather than become all maudlin and apocalyptic at the thought that his God-given brain has been bested by a soulless computer, Dr Tinsley should use his logical mind to work out that the brain of Jonathan Schaeffer, Chinook's programer, is no more or less a creation of God than his own cerebral cortex. If Marion Tinsley loses the title he has held for 37 years, he will be a victim of *human* ingenuity.

■ *Dominic Lawson is editor of The Spectator.*

Private View

The philosopher who believes in tarot and God

***Christian Tyler** meets the many-sided Michael Dummett and finds that arguing with a logic professor can be taxing*

Ashley Ashwood

MICHAEL Dummett is an expert on the game of tarot. Most people associate tarot cards only with fortune-telling, with gypsies in tents. Since Michael Dummett is also Wykeham Professor of Logic in the University of Oxford, this upsets him very much.

It is not just that his treatise on the early-15th century Italian card game gets stashed away in the "Occult" section of bookshops; his reputation as a serious – some would say brilliant – philosopher is compromised.

The professor's fascination with tarot is a kind of antidote to another of this many-sided man's passions: race relations. Dummett not only believes that Britain's immigration policy amounts to a coded encouragement of racism, he has suffered for his beliefs.

In 1967, he was arrested with his wife, Ann – a former director of the Runnymede trust and a race relations professional – for demonstrating outside an Oxford hairdresser which refused to serve black customers. (Charges were dropped and the home secretary, Roy Jenkins, apologised).

Life has its hazards for the philosopher with a conscience. When Dummett publishes his extra-curricular views – as he did in *The Tablet* in June, saying Oxford undergraduates could no longer write decent English and that the meaning of the terms "university" and "degree" was being shamelessly diluted – he is, inevitably, accused of illogicality.

"Everyone thinks of that joke," he said. "It's absolutely maddening. I can't write a letter to the newspaper without some idiot writing and saying "If that's logic, then I'm a blah, blah . . ."

Dummett is a non-ideological left-winger who resigned from the Labour Party in 1956 because the Hungarian workers' call for a sympathy strike was rejected by the Trades Union Congress and suppressed by the British media. He likes jazz and used to read a lot of science fiction. What is more, he believes in God.

I thought professors of logic were supposed to be atheist, I said.

Dummett laughed in astonished disbelief. "Why do you say that?"

Most people would say it was contradictory.

"Well, that's a very thoughtless thing to say. Why should they say that?"

The prospect of having to argue with the Wykeham Professor of Logic at Oxford – before lunch, too – was unappetising. I muttered something about mediaeval superstition having been swept away by the fresh air of rationalism.

If there's no contradiction, I said, can you explain why not?

"You'd need to point out the contradiction."

I experienced an inward struggle. I cited materialism, the philosophical theory that says mind, soul and personality are just names for bundles of physiological occurrences. If you believe in God, I asked, do you need to be a philosopher at all?

"I've sometimes thought that if I didn't believe in God, I wouldn't think it was worth going on with philosophy. So it's just the opposite of what you say. As for the things you're talking about, they are superstitions. Materialism is one modern superstition, and determinism is another.

"When you talk about materialism, you need to be clear first what constitutes matter. It's not a very easy question to answer, actually."

The professor took pity on me.

> *'It may be human and natural to behave as people are behaving in Bosnia at the moment. But it has to be curbed'*

"Obviously, there's a contradiction between believing in God and being an out-and-out materialist. But I don't think to be a professor of logic you need to be an out-and-out materialist. In fact, I think it is indefensible. So, I'm still perplexed about the contradiction. I think it's only to do with the *zeitgeist* that religious belief is intellectually extremely unfashionable."

Dummett was the son of non-practising Anglicans who rejected religion in adolescence but converted to Catholicism before he was 20. I asked if it had been a reasoning process.

"Yes, that's right. It wasn't through contacts at all."

So you got there by yourself?

"I got there by myself."

Dummett sat in the corner of a deep sofa, eyes half closed, chain-smoking cigarettes. Once, without even looking, he reached in his shirt pocket and swapped cigarette holders in mid-smoke. At times he pondered deeply, sage-like, before replying; at others, he chuckled heartily through his words and looked like a tubby schoolboy.

I wondered if there was a connection between his philosophy and his other views. Is it possible, I asked, that philosophers incline to one or other opinion merely out of temperament?

"Yes, it's certainly possible. But the value of their work lies in the strength of their arguments or otherwise. It doesn't matter why they believe what they do."

Are your political views the result of temperament?

"I wouldn't put it as strongly as that. But I think you're quite right. They don't come from patient exploration of the kind philosophers go in for professionally. I hope they're coherent with my other views, but they certainly don't stem from philosophical work at all."

When I suggested that the popular picture of a professor of logic was of a sexless, cold-blooded creature, a brain-in-a-bowl, not a leftish political activist with five children, he was tickled.

"Why? I don't think professors of logic have to be any one kind of person. Of course, when you're engaged in philosophical enquiry, you've got to be very careful to follow arguments where they lead. But that doesn't seem to me to mean you shouldn't react strongly to injustice or hatred or oppression."

He was not so amused when I asked him if he understood racism and could sympathise with xenophobes.

"No, I don't sympathise with them at all."

Isn't it natural to fear and resent . . .

"I don't know what's human and natural," he interrupted. "It may be human and natural to behave as people are behaving in Bosnia at the moment. But it has to be curbed.

"I really don't know whether, if conditions were different, English people would be yelling for the expulsion of the Scots, killing them, destroying their houses and putting them in camps. I mean, it's also human and natural to behave to other people in a decent way."

Do you get emotional to the point where you can't concentrate on your work?

"I suppose you could say that. When I was heavily involved with immigration, that took an awful lot out of me. For some years I did my teaching and lecturing but didn't attempt to do any creative work. These are very distressing things, particularly if you deal with individual people in trouble."

Dummett's fame is due to his interpretation of Gottlob Frege, the German pioneer of mathematical logic. The theme of his life's work has been to remove the metaphorical traps in arguments for and against the real existence of things – whether objects, numbers or mental states – and to show that realism is much harder to defend than people think it is.

He agreed that philosophy – but not only philosophy – is suffering in an age when an economic justification is sought for everything that costs public money.

Does philosophy make progress?

"I wouldn't engage in it if I didn't think progress was made – although some philosophers think differently. One can't easily ask what are the established results of thousands of years of philosophy." He laughed cheerfully.

But I did ask what impact philosophy has had on the way we behave.

The professor went into deep thought for a long two minutes. He surfaced and said: "Well, I think – this is not a thing I'm totally happy with – the way in which people are disposed to make a distinction between what's a fact and what's an evaluation. That's a very crude effect but it is an effect."

Nor had philosophy been squeezed out by science. "The most obvious example is the interpretation of quantum mechanics. Scientists can use the theory but they don't know what it means exactly. When they debate that, they are doing philosophy. The aim of philosophy is understanding what you can already deal with in a restricted context."

Dummett retires at the end of next month. Such is the state of university finances, a replacement for the post he inherited from A J Ayer has not yet been chosen. He plans to revise two of his philosophy books and to write a successor to his 1984 book *Voting Procedures* which, he thinks, did not sell because it was too mathematical. Typically, he will not be setting out with a conclusion, to advertise his preferred brand of proportional representation (PR).

"I'm reluctant to say it's about PR because I don't even accept the normal definition of PR. It must be intelligible, even to people who shudder at the sight of an equation. I realise that to get people interested there mustn't be any equations at all." The Wykeham Professor of Logic roared with laughter.

Underneath, perhaps he is afraid his book on electoral reform will also end up on the shelf marked "Occult."

From currencies to currents

***Stephen Court** meets Alison Streeter, forex dealer and cross-channel swimmer*

ALISON Streeter is something of a long-distance specialist. During the week she trades in Far Eastern currencies in the foreign exchange dealing room at Standard Chartered Bank in London. The rest of the time, she swims. She is a marathon swimmer.

She has covered the equivalent of an Atlantic crossing. It is a good counter to the pressures of work, she says. "Either it's been really quiet and you haven't been able to make any money, or it's been so hectic that you didn't know where the next million was coming from. Then you can go home in the evening and thrash it out on the swimming pool."

Alison's relentless front crawl has powered her round the Isle of Wight, Jersey and Manhatten Island, up and down the tidal Thames from Richmond to Gravesend, and across the Catalina Channel in California. She has crossed from Capri to Naples, and from Ireland to Scotland and back.

But it is to the grey waters of the English Channel that Alison returns time and again. She is 28 next Saturday and has recorded a total of 18 cross-Channel swims since her first in 1982.

Alison is the first woman to have swum a three-way Channel crossing. That was two years ago. It took 34 hours and 40 minutes, with 10-minute breaks allowed at either end. The swim was almost her last.

"I nearly died of asphyxiation. My throat had swollen up so much with 34 hours of salt water non-stop that I could hardly breathe. We just about finished in time."

A successful Channel crossing during the week of neap tides that started yesterday would equal the women's record of 19 crossings held by Canada's Cynthia Nicholas. A further push, planned for next month, would make Alison Queen of the Channel.

What is the attraction? "When I'm in the middle of the Channel, I think: 'What am I doing here? I can't believe I'm doing this again.' It's yourself against the elements. It's not racing against other people, but it's how you compete against the tide and the wind. Although I've done 18 crossings now, every swim has been different. That's what I like about it."

Alison has a ready smile, a weather-beaten face and the build you would expect of the carbohydrate-loading pasta binges which are part of the long-distance swimmer's training. She is stocky, with broad shoulders and powerful arms. Her brown hair is cut in tight curls to fit under her bathing cap.

Closer inspection reveals her latest battle scars. There are abrasions on her neck, caused by the rubbing of her bathing cap on skin not covered with enough of the grease that marathon swimmers use. On her upper arm is a red patch where the skin has been rubbed raw by swimming. Below is another graze: the remains of a jellyfish sting.

Her voice is slightly wheezy. She started swimming in childhood to combat bad asthma and discovered she had a long-distance swimmer's endurance and lung capacity. After thousands of miles and hours in the water, what keeps her going?

"All my swims have been sponsored for charity. I keep thinking that there's a lot of other people who are less fortunate."

Alison has raised £65,000 for charities, particularly for leukaemia research and Across, which provides holidays for sick and handicapped people.

Alison's father contracted leukaemia, which has since been cured, and that fuelled her desire to help fight the disease. Her mother is also her trainer; it is her parents, she says, who have helped her most.

Before starting a swim she psyches herself for the marathon ahead. Once in the water, however, things are different.

"The biggest problem is boredom. In the first hour, you're already bored and cold and tired, with another 10 hours ahead. Once you're over half-way you try and gear your mind to blanking everything out. That seems to make the time go a lot quicker."

Brief hourly rests help break the monotony. "But you have to make sure you don't stop concentrating: I've often found myself under the hull of the boat, very close to knocking myself out."

On her latest swim, a two-way crossing on August 6, a cross-Channel ferry passed within 50 metres at full speed, leaving Alison to struggle through its wash. Other hazards have included jellyfish, which attacked her during a crossing from Ireland to Scotland.

"I was stung non-stop for four hours. Eventually I was pulled out of the water, unconscious from the poison. They only managed to grab me out of the water by my fingertips as I was going down."

Jobs for the boys

Michael Thompson-Noel

I PASSED a building site recently. There is not much building work in London at present, given that construction is one of the 97,500 UK industries to have received a pitiless booting from John Major, Norman Lamont, and their masters at the Treasury. But this site was active. A man was at work: probably late 20s, yobbo-jeaned, forehead invisible, knuckles dangling, the *Sun* in his pocket, leering at passing women. He was working amid fumes and a blaze of sparks, doing something to a girder. He was drowning in sweat.

I started to feel sorry for him, until I remembered that I have stopped feeling sorry for *Sun* readers. I was transfixed, instead, by the thought that there were no imaginable circumstances in which I would be capable of doing what he was doing unless forced into it as a prisoner of war. We were virtually different species. Our paths had diverged.

But it has given me an idea. For those of us who were at our desks this week and not basting ourselves in Fiji, the most cheering news was the proposition by Teresa Gorman, Billericay's Conservative MP, that for every UK business that went bankrupt from now on, the government should sack a civil servant at the Treasury – starting with the permanent secretary.

The Gorman plan won immediate support, in *The Times*, from macho pundit Anatole Kaletsky, whose blow-torching of the Treasury and its do-nothing smugness has been

HAWKS & HANDSAWS

one of the summer's highlights for those who read good newspapers.

It must be terrible to be torched by Kaletsky. The Gorman plan, he wrote, should be put into effect immediately, with just one amendment to make it fair. "The mandarins should be given until Christmas to produce a clear economic recovery. If they failed, the first ritual sacking, of Sir Terence Burns, the present permanent secretary, would be set for New Year's Day."

This could transform government policy overnight: While Lamont and Major deserved part of the blame for the length and depth of the recession, "the greater culprits have been the Treasury officials who have been telling them how to act, speak and think at each step of the economy's long decline. The doctrine of ministerial responsibility, far from ensuring a democratically accountable government, has long been a shield to hide the incompetence of the top civil servants who make most of the government's decisions."

The Gorman-Kaletsky plan would undoubtedly work, but it would succeed more speedily with an additional refinement – if the mandarins knew in advance what fate awaited them after January 1. Sacking is not enough. They would retreat to their Dorset or Tuscan properties, spend their time pottering, swim in lazy pools, sit among their roses, read Petronius and Seneca – and thumb their noses at us from the comfort of retirement.

Instead, they must be punished. If the British economy is ever to recover, the mandarins must know what lies in store if they fail to gird their loins and get things moving. They must be put out to real work.

We will start with Sir Terence on January 1. We won't just sack him. We will send him to live in Catford, give him a pair of jeans, some size 13 boots, make him read the *Sun*, watch *Eldorado*, ride on public transport, work on a building site, out in all weathers, cope with sparks and fumes, learn what a girder is – a dog's life for Terry. We will see how he likes a taste of his own medicine.

From New Year's Day – I promise – we will hear less and less rubbish from the Treasury ventriloquists and their dummies: no gain without pain, unemployment a price worth paying, vital not to throw the baby out, credibility all important, things safe with us, old man, we know what we're doing.

That should provide us with a memorable January 1. On January 2 we will sack the second highest Treasury mandarin. I do not know his name. That is the point. Mandarins are furtive, creatures of the shadows, never brought to book. Which is what we would be changing. We would appoint the second Treasury mandarin to the post of chief council tax collector in the borough of Brent. January 3: rat-catching in the Chunnel.

January 3 is followed by January 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20 and so on. Of course it would work. By February we would be humming; by March, in fine heart; by April, ruling Europe.